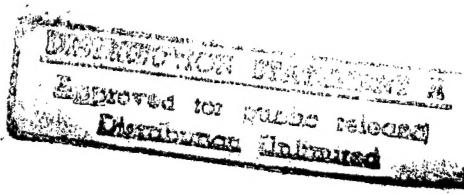


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# ***JPRS Report—***

## **East Europe**



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# East Europe

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## CONTENTS

7 December 1992

### BULGARIA

Structural Problems of SDS Analyzed [168 CHASA 10 Nov]	1
Need for Assistance Fund for Unemployed Discussed [DELOVI SVYAT 6 Nov]	4
Description of Draft Law on Financial Control [DELOVI SVYAT 6 Nov]	5

### CZECHOSLOVAKIA

Meaning of CSFR's Last Anniversary Considered .....	6
Masaryk's Ideas [LIDOVE NOVINY 27 Oct] .....	6
Czech Traditions [LIDOVE NOVINY 27 Oct] .....	7
Background of Relations [LIDOVA DEMOKRACIE 27 Oct] .....	8
Attrition Cause of Failure [LIDOVE NOVINY 27 Oct] .....	9
Air Defense After Breakup Discussed [REPORT 4-11 Nov] .....	10
Tamara Reconnaissance System Function Clarified [OBRANA LIDU 7 Nov] .....	10

### HUNGARY

Progovernment Daily on Media War Developments .....	13
Compromise Voted Down [UJ MAGYARORSZAG 6 Nov] .....	13
Opposition Criticized [UJ MAGYARORSZAG 6 Nov] .....	13
Skinheads at Szeged Military School Viewed .....	14
School's Director Interviewed [TALLOZO 5 Nov] .....	14
Scandal Erupts During Debate [TALLOZO 5 Nov] .....	14
MSZP MP: Ban Fascist, Not Bolshevik, Signs [KOZTARSASAG 30 Oct] .....	15
Prosecution of Unauthorized Radio Stations [HETI VILAGGAZDASAG 7 Nov] .....	16
New Law Limits State Invasion of Privacy [HETI VILAGGAZDASAG 7 Nov] .....	17
Justice Minister on Pending Legislation, Courts [KOZTARSASAG 30 Oct] .....	18
Demszky Weds Leading Communist's Descendant [TALLOZO 5 Nov] .....	20
Limits on Land Ownership by Foreigners Planned [HETI VILAGGAZDASAG 7 Nov] .....	21
Gloomy Economic Forecasts, Official Optimism [HETI VILAGGAZDASAG 31 Oct] .....	22
'Environmental Scandal' of Waste Imports [TALLOZO 5 Nov] .....	25

### POLAND

Walesa Comments on Political Scene, Colleagues [WPROST 1 Nov] .....	26
Cooperation With West on Combat Aircraft Favored [RZECZPOSPOLITA 21 Oct] .....	28
Discussion of Privatization Statistics [RZECZPOSPOLITA 22 Oct] .....	30
NIK Critical of State Enterprise Transformation [RZECZPOSPOLITA 22 Oct] .....	31
NIK Questions Need To Revise Budget [RZECZPOSPOLITA 24-25 Oct] .....	32
Private Sector More Efficient Than State Sector [RZECZPOSPOLITA 19 Oct] .....	33
Government Budget Pension Proposals for 1993 [RZECZPOSPOLITA 18 Oct] .....	35

### ROMANIA

Conference in Transylvania on Minority Rights [ROMANIAI MAGYAR SZO 5 Nov] .....	36
Iliecu Omits Hungarian Deputies From Talks [ROMANIAI MAGYAR SZO 5 Nov] .....	37
Hungarians in Romania Issue Statement, Take Oath .....	37
Local Government Rights [ROMANIAI MAGYAR SZO 27 Oct] .....	37
Parliamentary Deputies' Oath [ROMANIAI MAGYAR SZO 27 Oct] .....	38

## CROATIA

Official on Timeliness, Purpose of Elections <i>[NOVI VJESNIK 10 Nov]</i> .....	39
Citizens' Initiative for Freedom of Press <i>[SLOBODNA DALMACIJA 13 Nov]</i> .....	41

## SLOVENIA

European Parliament Delegation Visits <i>[DELO 24 Nov]</i> .....	44
Social Democratic Party's Development Viewed <i>[DELO 23 Nov]</i> .....	44
Socialist Party Undergoes Changes <i>[DELO 24 Nov]</i> .....	45
SLS's Place in Political Spectrum Viewed <i>[DELO 21 Nov]</i> .....	46
National Democratic Party Profiled <i>[DELO 25 Nov]</i> .....	48
Liberal Party's Election Tactics <i>[DELO 26 Nov]</i> .....	48
Gorenje Exports 95 Percent of Production <i>[DELO 14 Nov]</i> .....	49

## YUGOSLAVIA

Tudjman on Intervention, Bosnian Ties <i>[London AL-HAYAH 29 Nov]</i> .....	52
RSK's Zecevic Against Strengthening Sanctions <i>[BORBA 17 Nov]</i> .....	53
Sanctions Cause Increased 'Brain Drain' <i>[BORBA 17 Nov]</i> .....	53
Retail Trade 'Poor' Due to Sanctions <i>[POLITIKA 13 Nov]</i> .....	54
Private Company Doing Well Despite Sanctions <i>[POLITIKA 13 Nov]</i> .....	55
Document Proves Prevlaka Part of Montenegro <i>[BORBA 9 Nov]</i> .....	56
Deepening Rift Among Serbia's Journalists <i>[NIN 13 Nov]</i> .....	57
Ruling Party Against Independent Trade Unions <i>[NIN 13 Nov]</i> .....	57
Central Bank Governor on Devaluation <i>[BORBA 17 Nov]</i> .....	59
Banks Ignore Central Bank's Exchange Rate <i>[BORBA 12 Nov]</i> .....	60
Bank, Government Struggle for Monetary Power <i>[BORBA 13 Nov]</i> .....	61
Macedonian Council for Interethnic Relations <i>[NOVA MAKEDONIJA 27 Oct]</i> .....	61
Speculation About Alleged Attack on Halili <i>[NOVA MAKEDONIJA 29 Oct]</i> .....	62
Mayor of Skopje Discusses Problems, Plans <i>[PULS 15 Oct]</i> .....	64
Chief of Macedonian General Staff Interviewed <i>[NOVA MAKEDONIJA 6 Nov]</i> .....	67
Economic Statistics for Macedonia <i>[NOVA MAKEDONIJA 29 Oct]</i> .....	69
Macedonian Finance Minister Hajredini Interviewed <i>[VECER 28 Oct]</i> .....	70
Macedonian Business Leader on Private Capital <i>[PULS 8 Oct]</i> .....	71
Electrical Energy Crisis in Macedonia Examined <i>[VECER 17 Nov]</i> .....	72
Macedonian Islamic, Orthodox Leaders Meet <i>[VECER 27 Oct]</i> .....	73

**Structural Problems of SDS Analyzed**

93BA0222A Sofia 168 CHASA in Bulgarian  
10 Nov 92 pp 1, 22

[Article by Volen Siderov: "Slyboots Are Swarming Behind the Blue Shingle"]

[Text] After three years, the SDS [Union of Democratic Forces] Coordinating Council has become an amorphous tool that promotes the demagogic idea of party autonomy but, actually, is a plagiarism of the Politburo.

Most of the electorate is familiar with Sasho [Aleksandur Yordanov], Misho [Mikhail Nedelchev], Ventsi [Ventsislav Dimitrov], [Stefan] Savov, Filip [Dimitrov], and [Georgi] Markov. Somehow, these names blend with those of Vasko Krupkata, Zhoro Minchev, and Milena [old revolutionaries; play on nicknames of current SDS leaders], triggering the spontaneous shout, "SDS!"

It is, once again, that same spontaneous "SDS!" that was triggered by the equally artistically blended images of Sasho ([Aleksandur] Karakachanov) and [Petur] Dertliev, [Petur] Beron, and Petko [Simeonov].

This poster-style perception of the blue coalition prevails to this day. Meanwhile, its leaders constantly repeat that it is a coalition of a great variety of parties, that the union includes the entire political spectrum, from right to left. Is it indeed the case that this entire spectrum is shining against a common blue background?

Let us remember the beginning. At its founding, on 7 December 1989, the Union of Democratic Forces consisted of the following: the Independent Society for the Defense of Human Rights; Club for *Glasnost* and Democracy; *Ekoglasnost*; Podkrepia Independent Trade Union; Committee for the Defense of Religious Rights, Freedom of Conscience, and Spiritual Values; Club of the Illegally Repressed After 1945; Independent University Student Association; Movement for Civic Discipline; Civic Union of Oriental Martial Arts; BRSDP (o) [Bulgarian Workers Social Democratic Party (United)], and Nikola Petkov BZNS [Bulgarian Agrarian National Union].

The unification of several dissident organizations was a logical development because, good or bad, these were the entities that opposed the regime on its way out, and that became familiar to the public.

According to the statutes, all of these associations were involved either with human rights or with the environment. Their programs did not include even a single word on participation in governance or, God forbid, running the entire state. This was entirely logical, for they had appeared and were functioning before 10 November.

What is interesting, however, is that even this alliance that was established after that date had no claims to power at all. The declaration that marked its birth, and that was made public on 7 December 1989, read as

follows: "Entirely developed on the basis of the coordination of actions of independent associations in the common struggle for democracy, the Union of Democratic Forces preserves their full independence and autonomy and their specific profile and object of activities, their reputation, and the place they have earned in the country's public life. In that sense, the Union of Democratic Forces rallies the efforts of the component associations and not the associations themselves."

Generally speaking, there could be no question here of the entire "right-to-left" spectrum, for we were dealing only with associations safeguarding the law and with trade unions and ecological associations, plus one dealing with the martial arts (today no one recalls this, but perhaps the time has come once again for the SDS leadership to reinclude this group and firmly rely on it).

As the lines we quoted indicate, the SDS only combines the efforts of the individual associations and coordinates them.

That is precisely why the union is headed by a coordinating council and not by a general staff. This marks the beginning of a chain of paradoxes on which, throughout all this time, the new political force kept stumbling.

The parties that appeared one after another consisted, usually, of little groups hastily put together in the South Park. The main thing was to have a chairman, a deputy chairman, and a secretary. Their programs could be compared to cribbed notes in a school test in mathematics. Naturally, the freedom of speech and private property were mandatory items in the struggle for democracy.

The people, still unaware of being the electorate, were eager to have a multiparty life. In the past they had been kept on a one-party diet, and this thirst was quite natural. However, whether one would join the Radical Democratic, the Democratic, or the Social Democratic Party was a decision based on purely subjective factors. Many people simply found Dertliev more likable than Elka Konstantinova, and therefore his party acquired more members. In any case, there was not even a single social argument used in choosing a party affiliation.

Nonetheless, according to tradition, and in the spirit of the low standards in Bulgaria, two more significant parties took shape: the Social Democratic and the Agrarian. They were followed by the Green Party, headed by Karakachanov, as the party of the young and of people more technocratically inclined.

Regardless of how attracted the masses were to the new forms of party life, however, it was clear that for the tremendous majority there existed only one single concept that promised whatever would oppose the BCP [Bulgarian Communist Party], the concept known as SDS. Along with this, on the sixth floor at 134 Rakovski (the building that the Lukyanov government gave to the opposition, free of charge) an unbridled political energy was bubbling like young wine. Quite a number of people

were already beginning to find the right way. It was clear that there would be elections, that at least one-half of the deputies would belong to the SDS, and so on.

At this point, the trick was to become member of the Coordinating Council. This could be accomplished two ways: either by becoming the leader (or deputy leader) of a new party that would join the SDS, or else to replace the leaders of parties that were already members of the union. From a shyly proclaimed "coordinator of the efforts of the associations," the Coordinating Council was becoming a springboard for making a political career.

This was being accomplished under the very convenient circumstances of total anonymity of some people at the expense of others. The facade consisted of Zhelyu [Zhelev], Petko, [Konstantin] Trenchev, [probably Georgi] Spasov, and Dertliev. Along with them, a bunch of smart fellows, who could only play games with their party machinery and impermissibly hit others in their political genitals, were organizing their own future participation in politics.

In accordance with such processes, the union's register was changing. New and ever-more democratic forces were appearing and, in some cases, the old ones were changing their appearance. For example, failing to find a place in Podkrepia, Lyubo Pavlov invented, together with Stoyan Ganev and Ventsi Dimitrov, the ODTs [United Democratic Center] phenomenon. From being some kind of expert consulted at the roundtable meeting, Stoyan Ganev was made party chairman. At public meetings no one was shouting "ODTs!" or "RDP [Radical Democratic Party]." The people kept shouting "SDS!"

#### What Is the Current Situation of the Rich Spectrum?

Currently there are 21 parties and organizations within the SDS. If we were to count them "from right to left," we would obtain the following picture: Three of them have proclaimed themselves Christian: the Salvation Christian Union, headed by Khr. Subev; the KhDO [Christian Democratic Union], headed by Yuliy Pavlov; and the OKhDTs [United Christian Democratic Center—formerly the United Democratic Center], headed by Stoyan Ganev. If such groups could be classified as right wing, the first two are simply phantom groups, while the third is found only in the parliament or in the executive branch.

Then we have two ecological groups: *Ekoglasnost*, headed by Sugarev, and the Conservative(?) Ecological Party, headed by Khristo. Biserov (part of the divided Green Party). Throughout the world, green movements are leftist.

This is followed by three Social Democratic Parties: the SDP [Social Democratic Party], the New SDP, and the ASLP [Alternative Social Liberal Party]. There is no need to point out that these are leftist parties. After them comes the University Students Federation, which did not manage to become either right wing or left wing, the

intellectual FKD [Federation of Clubs for Democracy] (same thing), the BZNS-Georgi Petrov (naturally, leftist), the nationalistic BDF [Bulgarian Democratic Forum] (the heir to the Legion), and the Republican Party, which is a phantom party.

We now come to the serious parties: the Radical Democratic Party, which claims to be the heir of the party with the same name, which was founded by Naycho Tsanov and Todor Vlaykov around the turn of the century, and which described itself as liberal, which means more to the left than to the right; the Democratic Party, which is the heir of the Liberal Party, founded by Petko Karavelov and that, in the past, opposed the conservatives, which means that it had a leftist orientation.

As we can see, the spectrum is less rich than it is mixed. We have several duplicating and parasitical organizations and some that have no place in a political coalition: the Society for the Defense of Law, the University Students Federation, *Ekoglasnost*, and the Salvation Christian Union.

As early as the autumn of 1990, Stefan Savov was promoting the concept that the so-called backbone of the SDS—the BSDP and the N. Petkov BZNS—should be deprived of power, for they were quite influential. This indeed took place in the summer of 1991. Previously unknown people assumed the leadership of the duplicating organizations that had "remained" within the SDS.

Peeling off the various layers hastily turned Ivan Kurtev, Khristo Biserov, Yordan Vasilev, and Dimitur Korudzhiev into leaders. Savov's dream was gradually becoming reality.

The second wave of superambitious personalities, ready for anything (Al. Yordanov, M. Nedelchev, G. Markov, and others) successfully pushed their competitors off the stage thanks to the fact that the SDS continued to be viewed as one big blue banner.

On the other hand, however, it was hinted, for example, that "Filip Dimitrov was the embodiment of the SDS" (E. Konstantinova). At the same time, it was being said that the SDS was not embodied by one person or another but that it was a blue idea, and it was also being pointed out that a given personality was the unquestionable embodiment of the SDS. Such schizophrenic absurdity is the direct consequence of the divided nature of the coalition party.

The internal party lack of definition is manifested automatically in the parliamentary presence of the various forces. It is virtually impossible to determine who belongs to what party among the 110 SDS representatives.

Some of the deputies identify themselves as independent although they ran as members of a specific party; others, after becoming deputies, changed their party affiliation

with the wind. Following are examples: Svetoslav Luchnikov became a minister as an independent. He is now a member of the RDP [Radical Democratic Party]; Vladislav Daskalov was formerly a member of the BSDP and then became independent; Vladimir Dzaferov was previously a member of the Green Party, then he became independent, and he is now a member of the DP [Democratic Party]; Doncho Papazov was formerly a member of the DGI [Civic Initiative Movement] and is now a member of the DP; Milen Stoyanov was previously a member of the Union of the Repressed and is now the boss of the DP; Khristo Markov was previously a member of the N. Petkov ZMS [Agrarian Youth Union] and is now a member of the DP; Ivan Tosev was previously a member of the N. Petkov ZMS and is now a member of the ODTs; and Todor Panushliev was formerly a member of the SDP and is now a member of the ODTs. A large number of deputies joined one of the stronger parties immediately after becoming members of parliament: Emil Nedkov, Konstantin Razmov, Georgi Tsonev, Yanko Kozhukharov, Plamen Yovchev, Radka Vasileva, Dragiya Dragiev, and others.

True, their names are not familiar. Nor will they become better known. They play a role in the mass actions. They are there to implement the iron unity of the SDS. They are not the face but the lining of the SDS. The irreplaceable personalities are Filip, Sasho, Ventsi, Zhoro [Georgi Markov], Zlatka [Ruseva—deputy chairperson of SDS parliamentary group], and Misho. These are the people who hold the microphone, they are the ones who stomp with their feet on the sixth floor of 134 Rakovski when something must be approved. The inner diffusion within the blue party, unknown and unclear to the outside observers, simply proved that to the majority of the changers of the system the party with which they are registered is of no importance whatsoever. What matters is for them to become deputies.

In recent months we have witnessed the "political conference" phenomenon. This creation of postsocialist realism makes decisions that consist of various items and makes it incumbent upon the parliamentary group to carry them out. This is total stupidity, bearing in mind that being a national representative means having the highest possible political presence in the constitutional sense.

#### Merger of Concepts Turns Into Merger of Power

The SDS National Coordinating Council chairman is also the prime minister; the deputy prime minister was (until recently) head of the SDS PG [Parliamentary Group].

Briefly, this is a return to the model according to which the Politburo makes decisions and the impersonal National Assembly passes them. Incidentally, at least the Politburo did not revoke so carelessly its decisions as does the political conference: today with Savov, tomorrow without him, today Filip only, tomorrow....

Confusion in the union reached its peak in May 1991 when an open attempt was made to impose the system of "National Movement With the Character of a Single Party," and a draft statute to this effect was published in DEMOKRATSIYA in its 7 June 1991 issue.

Filip Dimitrov and Al. Yordanov became frightened and immediately drew up a declaration announcing that the published statutes had nothing in common with the Coordinating Council and that this was a blow dealt against party autonomy.

In practice, such autonomy has never existed, and it is precisely this that constitutes high demagogery.

These two men found quite convenient the hermaphroditic nature of the union that proclaimed itself both a national movement and a coalition. This was a most ordinary Fatherland Front, with the same objectives and tasks that it proclaimed in 1945. It enables a few people to control it without providing any direct grounds for being accused of arbitrary rule, for they immediately point out the large number of parties within the SDS and the democratic nature of the deputy vote. Naturally, the leader, who is a supernumerary actor, must vote, for otherwise he may be peeled off.

Actually, despite its entire double nature, the SDS cannot avoid the structural logic of the BCP. This is confirmed by looking at the SDS statute published in the 20 March 1991 issue of DEMOKRATSIYA. According to this statute, the SDS has local, obshchina, and rayon (later regional) councils. How are we to interpret this? Is it that in Izvor Village, Belogradchik Okoliya, there were 19 organizations within the SDS (by 20 March 1991), including the University Students Federation, the Federation of Clubs for *Glasnost* and Democracy, the Salvation Christian Union, the Christian Democratic Union, and others; or else that if the village had two people who had anything to do with a given party (other than the BCP) they accounted for the largest number belonging to the BZNS? The fact that this does not block the organization of a local SDS council is of no significance, for the statute does not indicate the minimum of organizations that insist on organizing an SDS MS [Local Council], a SDS RKS [Regional Coordinating Council], or SDS OKS [Oblast Coordinating Council]. This brings immediately to mind the existence of rayon and city BCP councils in charge of settling local issues, while the mayors and the city administrations were the window dressing. It is interesting to see today, after three years of struggle for democracy, the role that the SDS OKS, MKS, and RKS is playing, other than that of nurturing careerists and duplicating the structures of the executive authorities.

If this coalition is a true coalition, each party (and strictly individually) should develop its own structures on the national and regional scale and, after it becomes clear what each party is worth and how many people are supporting it, participate with the respective quota of votes (proportionally) in a truly exclusive coordinating

council (assuming that, generally speaking, such a council is needed) in which decisions are based on consensus and not on majority vote, with open balloting and shows of hands, looking the leaders in the eye, as people used to do at Komsomol meetings.

Until this occurs, one group of people, who have become hysterical in pursuit of their individual interests, will dictate the situation, hiding behind the big blue sign, while another group of extras will obediently vote, and the former and present electorate will continue to be ignorant as to whether the Civic Union for the Martial Arts is or is not a member of the SDS.

As to Zhelyu Zhelev, it is already clear that he was expelled by the SDS by majority vote.

### **Need for Assistance Fund for Unemployed Discussed**

*93BA0231A Sofia DELOVI SVYAT in Bulgarian  
6 Nov 92 p 3*

[Article by Georgi Mateev, senior scientific associate candidate of economic sciences: "Is a Public Assistance Fund for the Unemployed Needed? Sixty Percent of All Bulgarians Are Unwilling To Change Profession"]

[Text] For over a year the Bulgarian economy has been marking time, for going back is impossible, while the road ahead has still not been cleared. Surmounting the contradictions that were created by personal interests and ambitions and that are still hindering the faster implementation of the economic reform is a matter of time. However, there is one problem triggered by the economic crisis and the initiated conversion to a market economy, the solution of which cannot and must not be postponed for the future: the problem of unemployment.

The first wave of unemployed was the result of a natural process under the circumstances of reducing the artificially inflated number of people employed in all areas of the economy, management, and science.

The second wave of unemployed was the result of continuing production decline. The extent and duration of this second wave depends on the initiation and the practical implementation of the awaited privatization.

A third wave of a so-called structural unemployment is also possible. It could appear as a result of the technological and technical updating of the production process and changes in its structure after privatization. Or, a "structural unemployment" may appear if the skills of the unemployed and their professional structure are no longer consistent with the requirements for filling the newly created jobs.

Even if we were to agree that the number of unemployed in Bulgaria today is about 500,000, according to official statistics, in a country with 8 million people, 2 million of whom are retired, this figure triggers a serious concern. Unfortunately, all indications are that the number of unemployed is

much higher. The labor offices have registered as unemployed only people who are currently receiving aid. However, no one knows how many of those who no longer receive any assistance have been able to find jobs. Nor do we include among the unemployed the young who, after graduating from secondary or primary school, do not pursue their studies but neither have been successful in finding jobs. A number of state companies that find themselves in difficult economic circumstances give unpaid leave to their blue and white collar workers. This hidden form of unemployment as well is not being considered or recorded by anyone.

Many of the registered private single- or collectively-owned companies are on the verge of bankruptcy or else have already gone bankrupt. Their owners are also not considered unemployed, although their current income is symbolic only.

The problem is not only the lack of knowledge of the precise number of unemployed. What is more important is that no accurate data exist on the age, professional, and educational breakdown of the unemployed, the number of their family members who are in a difficult material situation, and how many of them have an income considered satisfactory in terms of normal life, such as interest on savings invested in term bank deposits, income from rental properties, wages earned from temporary labor contracts, and other current or sporadic income.

For the time being, the amount of unemployment assistance provided by the state is not rated according to the material status of the families. The amount of the aid also does not depend on whether only one or both members of a family are unemployed. The labor offices pay little attention to the question of upgrading the skills or the retraining of the unemployed.

Unfortunately, sociological surveys indicate that still about 60 percent of all Bulgarians are unwilling or unprepared to change profession, and nearly 50 percent of them do not even believe that they must improve their skills. It may be expected that, squeezed by the circumstances, most of the jobless will be able by themselves to surmount such conservative views. Some unemployed, however, will in all likelihood accept with difficulty and painfully the need to change skills, which in a number of cases will be necessary.

Despite the efforts of the state institutions to help the unemployed, it is unlikely that they would be able to assume such entirely new specific assignments and increased volumes of work, some of which would go far beyond the usual obligations of state officials. This makes a social unemployment assistance fund necessary. The leading role in its development and functioning could be played by Bulgarian private business.

The assets needed for establishing such a fund could come from voluntary contributions made by private companies, individual and collective payments by people employed in various economic areas, as help to their unemployed colleagues, private donations, and foreign aid.

This fund could function in several areas, as follows:

Providing monetary assistance to unemployed who find themselves in a particularly difficult material situation, regardless of whether or not they also benefit from state aid;

Organizing courses for upgrading the skills of workers and specialists in companies that are about to be modernized and reconstructed;

Granting interest-free or low-interest loans to help small private businesses.

The social unemployment assistance fund would be able to participate as a partner of similar state institutions and structures without automatically duplicating them. Gradually, as the crisis abates and tension in employment declines, the role and significance of this fund would decline. With the normalizing of the economic situation in the country and a drop in the percentage of unemployed people to a level normal for a stably developing market economy, the need for its existence would, in all likelihood, be entirely eliminated. At that stage, however, a social unemployment assistance fund could play an important role in lowering social tension triggered by the employment crisis in the country. With its help some unemployed could start their own private businesses, while private firms would have in it a reliable partner in seeking workers and specialists.

#### Description of Draft Law on Financial Control

93BA0232A Sofia DELOVI SVYAT in Bulgarian  
6 Nov 92 p 3

[Article by Ventsislava Stoyanova: "Stipulations of the Financial Control Draft Law"]

[Text] The draft law on financial control pertains to the organization, rights, and activities of financial control. According to the draft law, the minister of finance exercises financial control over all juridical and physical persons who handle public property, as well as the observance of foreign-currency rules. Foreign entities are not subject to financial control according to this draft law. Financial control over physical and juridical persons can be provided on their request and against payment.

The purpose of financial control is to check on the observance of the legal acts regulating budget and financial activities, the handling of state and municipal property, and meeting obligations to the budget.

Financial control is a structural unit of the Ministry of Finance. It consists of the Main Administration and territorial administrations. According to the draft law, the Council of Ministers determines the size of the financial control establishment, while the minister of finance determines its structure. The personnel are appointed or dismissed by the minister of finance.

Financial audits are made by the financial auditors. However, the minister of finance may assign the undertaking of individual audits also to people who do not

hold auditing positions. Financial audits of juridical persons involving state and obshchina property must take place at least once every two years.

The financial auditor will have free access to the audited projects. He can check cash and material values, the books, and other documents and pieces of information. The auditor may require that all open bank accounts both abroad and in the country be declared and make counterinvestigations. He has the right to demand of the officials written explanations in connection with the audit, interrogate witnesses, and appoint experts. The financial auditor can also confiscate documents and seal cash registers, warehouses, stores, and premises, and confiscate objects and valuables that must be protected. He may ask of the court to impose prohibitions and attach property of individuals held liable for damages caused.

Before undertaking his official obligations the financial auditor must identify himself. Another one of his obligations is to keep state secrets and not to make public or inform anyone of the information that he has learned by virtue of his work and that constitutes bank, commercial, or any other secret protected by the law. An auditor who abuses his position may have as many as six basic wages docked, unless he is subject to a more severe punishment.

According to the draft law, the Ministry of Finance must set up a "Material Base, Qualification, and Incentive of Financial Control Fund." The assets for this fund will come from a withholding of 5 percent from the funds discovered and subsequently paid due to shortfalls and faulty accounts, surpluses, and other income of the audited enterprises.

An audit document will be drawn up for the audit along with a document on account deficits and on the establishment of a violation. The established damages to projects with mixed participation will be compensated in accordance with the share of capital participation of the audited projects.

Those officials guilty of resulting damages will be charged with material liability. Interenterprise penalties, interest payments, fines, and so on will not be considered damages unless they qualify as crimes on the basis of a court sentence. The fact that conscientious workers bear no liability does not eliminate the responsibility of the officials who have allowed or instructed the making of illegal payments, according to the draft law.

The degree of culpability is determined for the day of its discovery. If the culpability is due to lack of material values, its amount is determined on the basis of market prices. The culpable individuals must pay interest as well.

Officials guilty of violations established in the course of financial audits are penalized with the fine of docking from one to five basic monthly salaries. In a repeat violation, the penalty ranges from two to 10 basic monthly salaries, according to the draft law.

**Meaning of CSFR's Last Anniversary Considered****Masaryk's Ideas**

*93CH0081A Prague LIDOVE NOVINY in Czech  
27 Oct 92 p 4*

[Article by Jaroslav Opat, director of the Masaryk Institute in Prague: "October 1918 and Today"]

[Text] We are celebrating today for the 74th time the two days during which Czechoslovakia officially came into being. In Prague on 28 October and in Turciansky Svaty Martin on 30 October 1918, legitimate representatives of Czechs and Slovaks declared independently of each other the will of their nations to live in a common democratic state. The National Committee in Prague began its declaration of the establishment of the independent state by addressing the public: "Czechoslovak people!" Representatives of the Slovak National Council issued their declaration in the name of the "Slovak branch of a unitary Czechoslovak nation." In it, they proclaimed Slovaks to be linguistically and, in the history of their culture, part of this unitary nation.

Two weeks before the declarations in Prague and Martin, on 14 October 1918 in Washington, T.G. Masaryk, representing the provisional government of the Czechoslovak state abroad, issued a declaration of independence. He, too, did so in the name of the "Czechoslovak" nation.

What are we to do about remembering those days today, at a time when the state born 74 years ago is passing into history, and when two states, the Czech and the Slovak Republics, are taking its place on the vacated stage?

Celebrate? What? Who has any reason to celebrate at this moment?

Serious worries weigh heavily on the minds of most people east, as well as west, of the Morava River. The positive relations forged between Czechs and Slovaks for centuries prior to October 1918 have developed and deepened in many ways under the conditions provided by the existence of a common state—in the economy, in culture, in the everyday lives of the people. A considerable number of mixed Czech-Slovak families with children is at the same time one of the many natural ties given by history that unite Czechs and Slovaks as nations. And the events in the south and the east of Europe sound an urgent warning against damaging those ties.

Today, the rapidly moving process of dissolution of the common state no longer can be stopped. To what extent this development was unavoidable after November 1989 will be judged by history. Future generations will certainly be asking whether the demise of Czechoslovakia after the "velvet" revolution was really necessary, at a time when the advanced countries of West Europe showed the world, in practice, that the barriers of alienation and hostility rooted in history can be not only

overcome by prudent democratic policy, but gradually, step by step, even totally removed?

Fortunately, today's generations of Czechs and Slovaks still have hope, precisely in coming face to face with the experiences of the West European nations. Their shared history during the dramatic 20th century bespeaks a civilized and as painless as possible dissolution of the so recently still common state. We Czechs and Slovaks should not forget that the aspirations of both our nations to live in liberty have been inseparably linked, since the end of World War I, to the development of European and global democracy. The birth itself of the common state in 1918 was predicated on the victory of the armies of the Western democracies—France, Great Britain, and the United States—over the armies of Germany and Austria-Hungary, which started the war. Similarly, the restoration of Czechoslovakia, destroyed in 1938-39 by the aggressive forces of German fascism, was possible only after the defeat of those forces in World War II. A significant role was also played by the armies of the Soviet Union. However, the main guarantor of the hope for a new life in freedom and democracy again proved to be primarily the Western democracies—then, as well as during the decades of the cold war. To these democracies belonged, since a certain time, even the western part of Germany.

The values with which T.G. Masaryk was investing the foundations of the Czechoslovak state during the course of World War I were values of a European, globally based humanist democracy. Yes, history did not validate the concept of a single Czechoslovak state-forming political nation, which he also championed. With reference to this fact, critics who are trying to altogether reject or seriously challenge the value of Masaryk's ideological and moral contribution to the foundations of the Czechoslovak state are not right, of course. The fact that Czechoslovakia has been a democratic state since the beginning and remained one even under conditions of the profound crisis of European democracy in the 1930's, while at the same time surrounded since 1933 by totalitarian or semitotalitarian states, testifies to the not inconsiderable strength of the foundations of its democracy. It was destroyed by aggression only from without, not from within.

Nor is there any truth in the assertions of the critics of the so-called Czechoslovakism that Masaryk's idea was not favorable to the development of Slovakia and the Slovaks as an individual political nation; according to some, it was even grossly hostile to it. These were and are slanders by opponents and enemies of Masaryk's concept of Czechoslovak democracy, enemies from the right and the left. "Czechoslovakism" was often used as a slogan by various nationalist separatists, and hand in hand with them by communists, always obedient to orders from the Comintern. There is countless documentation of that.

Masaryk himself never spoke or wrote about "Czechoslovakism." It is another matter that Czechs and Slovaks

were always in favor of it, in accord with real history, two ethnically very close nations. He conceived the relations between them similarly, as did many outstanding Slovaks and Czechs for a number of generations before him. He took this natural, historic closeness as a starting point during World War I and after it, when on various occasions he spoke and acted in the name of the "Czechoslovak" nation as a state-forming political nation. It was thanks to him, and by no means only to him, that the concept of a Czechoslovak state-forming political nation became one of the key concepts on which Czechoslovak democracy was built after 1918.

By its very nature and structure, this democracy provided scope for a free cultural and political development of both Czechs and Slovaks, as well as other nationalities. And the Slovaks did achieve remarkable development as a modern, political nation under the conditions of this democracy. That Czechoslovakia at the same time was not an ideal democracy for all future times is another matter. Where and when in history did an ideal state exist? Masaryk was very well aware of the fundamental problems of the Czechoslovak state, and he paid constant and careful attention to them. His interest in the development of Slovakia was particularly close to his heart. Not only did he not block the implementation of advanced sociopolitical reforms throughout the state, but also, on the contrary, within the scope of his possibilities and powers, he even promoted them.

If today the Czechoslovak state established 74 years ago is being liquidated, mutual relations between Czechs and Slovaks, forged during the course of centuries as relations of close friendship and cooperation, remain. It is especially true about the decades following October 1918. The legacy of the past in this respect is unequivocal: Do not allow these traditionally good relations to be damaged, even after the demise of the common state. States come and go, but nations endure. All depends on their mutual behavior—on the behavior of their politicians sometimes a little more, sometimes much more. It would be well if we never forgot that.

### Czech Traditions

93CH0081B Prague LIDOVE NOVINY in Czech  
27 Oct 92 p 4

[Article by Josef Hanzal of the Historical Institute of the Czechoslovak Academy of Sciences: "Czech Statehood"]

[Text] Even though it seems debatable whether states have some concept of their own or specific character and missions, they nevertheless need deeper foundations, a tradition, and a clear idea on what they are historically based, what their current orientation is, and where they are heading. We are standing at the threshold of a new independent Czech state, and that naturally bids us to clarify all of this and conceptualize the rights of the Czech state.

Historical knowledge about the Czech state and statehood can briefly be summarized in the following basic points:

1. The Czech state was formed relatively early, at the beginning of the Middle Ages, as a single, stable entity, roughly within the borders of the present state.
2. The Czech state developed from the beginning in close connection with the Christian West.
3. In the Middle Ages, it belonged among the culturally advanced and rich countries.
4. During its entire history, it has lived in close relationship with Germany (at that time the Roman Empire)—mostly with friendly relations and, in more recent times, more with tension rather than with hostility.
5. Following the battle of White Mountain, it lost its independence, but the historic consciousness of Czech state traditions never disappeared.
6. Since the beginning, Prague has been a natural, constant, and extremely important metropolis.
7. In 1918, it voluntarily placed its destiny in a common state with the Slovaks.

Especially important for the preservation and successful development of the state during the initial period of its existence was the Premyslide Dynasty, which succeeded, at times even by cruel and unscrupulous means (normal for that time, of course), in maintaining the unity of the Czech Crown lands and did not allow them to be permanently subjugated to the empire.

The essential conditions necessary for the state to enter into the broader European political consciousness were created by the heads of state. The prosperity and authority of the historic Czech state were built by outstanding Czech rulers, foremost among them Charles IV and George of Podebrady. The former became widely known as a prudent ruler, who crowned the efforts of the previous centuries by building a powerful Czech state. The latter successfully defended those valuable elements of the Czech reformation movement against Catholicism that pointed to the modern tolerant way of thinking; moreover, he propounded the vision of a peaceable and united Europe. Both realized what we could call going beyond the domestic horizon and placing the Czech question into the European context.

A special role in the search for a specifically Czech statehood was played by the ability to find a healthy compromise, in foreign as well as domestic policy. Already since the days of St. Wenceslas, we can observe the outline of a dignified and safe policy leading to the solution of the complicated relationship of the Czech state with its powerful Western neighbor. At the same time, there appeared the element of inner stability and balance between the absolute power of the state and the estates, and, in the area of administration, a balanced

and satisfactory relationship between absolutist centralism and the autonomy of the nobility and the towns.

Czech statehood also went through periods of crises and decline. The most difficult era began after the Battle of White Mountain; although the Czech state did not completely cease to exist legally, it happened de facto much earlier than the abolishment of the Czech Chancellery at court in 1749. Prague ceased to be the seat of the court and the central offices and became a provincial town. The Hapsburgs tried to diminish or limit as much as possible the share of the Czech lands in the government, and, by and large, they succeeded. But they did not succeed in totally suppressing the consciousness of Czech statehood. This was due mostly to history; the Czech state existed for a long time as an independent and important element in European development. The Vienna rulers themselves had to respect that fact and let themselves be crowned as Czech kings (although not all of them).

The Czech intelligentsia played an important role in maintaining and reviving the idea of Czech statehood. Baroque writers and historians led by Bohuslav Balbin worked hard to prevent the tradition of Czech statehood from becoming a dead historical concept. An entirely new, revolutionary tendency was engendered by romanticism and the nationalism of the 19th century connected with it. Its essential element became historicism, which necessarily had to stimulate Czech efforts toward state rights, which were strengthened by historical arguments about the ancient traditions of an independent Czech state. It was lucky that the modern Czech political program was formulated by such outstanding personalities as Frantisek Palacky and Karel Havlicek. Their patriotic thinking was not an obstruction to their universal humanitarian views; they subordinated the national interests and needs to the broader European efforts. Palacky's grand concept of the federalization of Austria did not succeed, but the Czech policy of the second half of the 19th century never counted upon the total breakup of the Hapsburg monarchy.

Nor was the breakup of the Danube union of states in the program of T.G. Masaryk until the start of World War I; he followed structurally the ideas of Palacky and Havlicek. The birth of the independent Czechoslovak Republic in 1918 (the result of Masaryk's work abroad as well as of the struggle for liberation at home) was made possible, of course, primarily by the total breakup of Austria-Hungary, which was unable to resolve its fundamental problems and broke up as a result of its own lack of competence and viability.

Czechoslovakia was not an artificially created state and was not a mistake, as some ignorant Czech journalists and publicists try to persuade their readers. Czechoslovakia came into being as an expression of the past efforts of the Czech national movement. It was born also as a result of the decision by the mature part of the Slovak nation, which, after its brutal experiences with Magyarization, joined its destiny to that of the Czech nation.

The Czechoslovak nation (or Czechoslovakism) certainly came into being also as a result of the rational idea that, in a state where there is a strong German minority, there should be one strong, unitary nation. The Czechoslovak state did not solve all of the national, political, and social problems, and it could not give Slovakia and the Sudeten Germans full autonomy, but it was, in the judgment of the objective world public, a democratic, free, and just state in a turbulent Europe.

The new state organically followed the traditions of Czech statehood and was their culmination. In its entire 70-year history, it played an honorable role in the tumultuous events in Europe. It would not, therefore, be just or wise to forget the Czechoslovak Republic. The Czechoslovak Republic represents an important milestone also in Slovak history, and 28 October should be remembered positively even in Slovakia.

#### Background of Relations

*93CH0081C Prague LIDOVE DEMOKRACIE in Czech  
27 Oct 92 p 1*

[Interview with Dagmar Buresova, former chairwoman of the Czech National Council, by Alexandra Zikesova; place and date not given: "Searching for Lost Time"]

[Text] On the occasion of the coming anniversary of the birth of the Czechoslovak Republic [CSR], we asked Dr. Dagmar Buresova for an interview. As the former chairwoman of the Czech National Council following the November revolution in 1989, she is certainly qualified to give her opinion on the current developments.

[Zikesova] Twenty years after the birth of the republic in 1918, the pro-French concept of foreign policy totally collapsed, and Slovakia seceded for the first time. Do you think the concept of Czech-Slovak mutuality was correct?

[Buresova] At the beginning stage of the newly emerged state, that concept appeared to be the only possible one. It was Masaryk's idea, and I think it was a wise one. At that time, Slovakia was different from what it is today. During the past 50 years, it became a developed, industrialized country. Of course, the desire for autonomy has always existed in Slovakia.

Unfortunately, Slovakia gave expression to that desire on 14 March 1939. But I think it was a step taken under pressure, not freely.

[Zikesova] But Slovakia could have stayed with the Czech lands as a Protectorate....

[Buresova] Yes, Hitler at that time threatened that, if the Slovak diet did not proclaim independence, he would occupy Slovakia as he did the Czech lands. The Slovak diet therefore proclaimed the independent state, although it was in contradiction to the Constitution in force at that time. Nevertheless, I think that the fate of independent Czech lands and an independent Slovakia after 1918 would have been much more problematic.

[Zikesova] After the end of the war, there was a turnaround in the foreign orientation of the new, postwar Czechoslovakia. The orientation toward the Soviet Union bore fruit within three years—a new, even though indirect, occupation. How do you view the fate of our country after 1945?

[Buresova] The reason probably lay in the fact that France refused to fulfill its commitments to Czechoslovakia, which stemmed from the tripartite treaty between the Soviet Union, France, and us. The fact that a Soviet-German pact was signed after 1940 was somehow not being mentioned. The influence of the Soviet Union as a victorious power was evaluated here very positively.... There were many war merits and many war casualties. On the other hand, a clear warning signal was sounded when Jan Masaryk flew back from Moscow with Gottwald, bringing the news that Stalin forbade us to accept the Marshall Plan. Our political representation obviously underestimated the danger as early as 1929, when Gottwald was threatening us and telling us the communists were traveling to Moscow to learn how to cut our throats.

[Zikesova] A last question—concerning the present: Don't you think that, in view of the long and unsuccessful negotiations with the Slovak side, it was a waste of time for the Czechs?

[Buresova] Let us not forget that there was a different situation before the election than what we have today. Before the election, there was a chance to save the federation. That chance, thanks to some actions on the Slovak side—adopting the declaration of Slovakia's independence, adopting the Constitution, and so forth—disappeared. However, I think we at least contributed to the fact that today the negotiations with Slovakia are being conducted in a civil and calm atmosphere. I am convinced it will stay that way, and that is an important contribution to the building of a modern Czech state.

#### Attrition Cause of Failure

93CH0081D Prague LIDOVE NOVINY in Czech  
27 Oct 92 p 1

[Commentary by Jiri Hanak: "Attrition"]

[Text] The realization of the seriousness of the last Czechoslovak 28 October contends with the urge to utter a classic aphorism: It died, let us say, of consumption. Consumption is an illness that quickly destroys you. And the Czechoslovak Republic died of consumption.

The Ruthenians belonged to it, and we let Moscow steal them from us. The Germans belonged to it, and we evicted them. The Jews belonged to it, and they slaughtered them. The Slovaks belonged to it, and there was dissension between us. We Czechs belonged to it, and we were left here all alone. Only a shortsighted person could insist that these gradual amputations all the way to the form of a national state are a plus. They are not a plus;

they are a loss, the extent of which we are yet to learn. It makes no difference that today the parting with Slovakia is necessary.

The Czech nation, as the leader in the republic established on that day 74 years ago, did not fulfill its task. Let us state the extenuating circumstance right away: To organize Central Europe into a supranational democratic state was practically an unrealizable task, if we look at the objective circumstances created by the course of history.

The new Czechoslovak state was a kind of downsized Austria-Hungary, without its power and strength but with all of the problems of nationalities. However, in contrast to the extinct monarchy, it had one great virtue that could have been used to resolve the potential nationalist problems: It was a state that was democratic in essence. More than anything, it needed time. T.G. Masaryk spoke of 50 years. Czechoslovakia was granted only 20, and, of those, only 15 were relatively calm.

It was a conundrum from the very beginning. For the Czechoslovak Republic to come into being, it had to live up to Wilson's concept of the self-determination of nations. To live up to it, the Czechoslovak nation had to be created. The honeymoon with Andrej Hlinka and Ferdinand Jurig, who at first enthusiastically embraced the theory of two branches of a common nation, was short-lived. The first rumblings of thunder were heard in Tuka's article about a legal vacuum, which would allegedly rein in Slovakia if it did not get autonomy according to the Pittsburgh agreement.

Here we probably have the key problem of our 74-year-old history. The Slovaks could not get autonomy without the Sudeten Germans getting it, too. At any time, there were more of them than Slovaks, and, culturally and politically, they were incomparably more mature. The CSR [Czechoslovak Republic] would have had to be restructured into some sort of union of cantons. Had it been at all possible, the year 1928 presented the last opportunity: The Weimar democracy still existed in Germany, the crisis was in the unforeseeable future, the Sudeten German political parties took part in the government (Czech, Spina), and Slovakia probably would have tied the "gift" of autonomy to Prague. It was a different time. At that time, gratitude did not yet commit to knavery.

Was it possible? Was it not possible? Let us leave that question to the historians. The fact is that an embarrassing role was also played by Czech nationalism, always obtuse and, what is more, in a small nation ridiculous. For far too long was heard the "We won the war, and that is that" addressed to the German deputies; the controversy about the language law dragged on too long, accompanied by the same distasteful approach, even though reason won in the end; and the influential part of "Prague" viewed Slovakia as a colony for too long. It is no accident that, thus branded, it found its way even into dictionaries.

What followed was a slow death. By attrition. Today's separation is not a tragedy, but a certain sadness about an unfulfilled task lingers on. It will almost certainly be on the order of the day again because it persists. And we Czechs should again take part in it—wiser and having learned a lesson.

### Air Defense After Breakup Discussed

*93CH0100B Prague REPORT in Czech  
4-11 Nov 92 p 3*

[Article by Vlastimil Stana: "A Complicated Problem, but One That Can Be Solved"]

[Text] Dividing up the tank forces or any other arsenal of the ground troops is really not a big problem. This is what even the experts who are concerned with the details of dividing up the armed forces have said. However, there are areas that are really hard to work out in the dividing up, and it is certainly taking a lot of effort to make sure that, after the cut is made, there will be a new being capable of independent existence. Among such hard nuts to crack in the armed forces, one should undoubtedly include air defense.

First, one should note the fact that air defense is an inseparable part of any other defense of a sovereign state. Therefore, there can be no consideration given to a common PVO [air defense] after the division of the CSFR into two independent entities. We got the following opinion about this matter from the chief of the General Staff:

"Both republics will continue to share the appropriate airspace. Therefore, we must in the first phase ensure that, at a minimum, such matters are taken care of as are connected with preventing any possible occurrence of risk."

What is this "prevention" all about? Mainly, it is a matter of information about the situation in the airspace. There is also a need to create some system for emergency rescue. In connection with this, there is the question of how the sovereign republics that are to be constituted will continue to operate, what kind of country each will be, how they will see the external threat, or how they will orient their foreign policy. That will determine the level of trust. Perhaps one could consider it ideal if there are compatible views on the concept of prevention. Then it would be possible to resolve the broad cooperative actions to a much greater degree.

We also recorded the view of General Major Sabola on the problem of the future of independent air-defense systems. Among other things, he said, "We will not be cutting any of the cables. And we will continue to maintain communications between the control centers."

Air defense specialists also have their two years' experience in this area, after all. This is also a time when mutual agreements exist with our neighboring countries on airspace and common borders. We have to look at

these treaties from two perspectives, and the newly created states will be looking at the entire problem in the same way. First, it is a matter of securing the airspace of one's own territory, and, second, it involves making sure that any possible conflict situations, or emergency assistance when necessary, can be taken care of. This entire system is identical in both republics, and, in essence, it is analogous to the unified air defense system of the North Atlantic Treaty Organization.

Central command posts will be established in both republics, and they will be connected to each other by sufficiently high capacity means of passing information. However, both parts will function strictly independently of each other. One should add, in conclusion, that this entire system will concurrently be connected to the European information network.

### Tamara Reconnaissance System Function Clarified

*93CH0100A Prague OBRANA LIDU in Czech  
7 Nov 92 p 3*

[Interview with Julius Reitmayer, Radar Systems Division of Tesla Pardubice, by Daniel Kadlec and Vaclav Hofman; place and date not given: "The Mysterious Tamara: Partially Removing the Veil of Secrecy Surrounding the Previously Hidden Reconnaissance Equipment"]

[Text] At the Czechoslovak Army's display at the INVEK '92 exhibition in Brno, the previously secret Tamara system deservedly aroused the greatest interest. A unique defensive system used for reconnaissance against both air and ground targets is concealed behind this covername. On the occasion of what was, in fact, its world premier, we asked for an interview with one of the main creators of Tamara, Eng. Julius Reitmayer, an employee of Tesla Pardubice working in the radar systems division. Despite his bad experiences with newspapermen, he did answer several questions for us after consulting with a military expert who was there.

[OBRANA LIDU] Mr. Reitmayer, could you introduce Tamara to us? What is actually hidden behind this designator?

[Reitmayer] It is a reconnaissance system for locating mobile and fixed objects, both in the air and on the ground. To put it briefly, it is passive radar. Certainly everyone knows the principle of radar; we send out a signal in the direction of a certain subject, it reflects off the subject, and it returns. According to the time of return and the angle of the reflected signal, we can easily determine the location of the subject observed. The principle on which Tamara works is totally different. We do not transmit anything, but just intercept signals. In essence, it is all very simple. We receive the signal at three locations and bring it all to a single place, where we measure the time difference of arrival of the signals.

[OBRANA LIDU] Just what is this system capable of?

[Reitmayer] In the frequency range in which we are working, we can see all objects that are transmitting radio energy. The efficiency in locating targets that are difficult to pick up—for example, the “invisible” Stealth aircraft—is more than 90 percent. Ours is a monopulse system, which, in practice, means that one very short emission is sufficient to locate a target. No aircraft is able to fly for long without turning on instruments that transmit this radiation. Our equipment is effective at a range of up to 500 kilometers. Tamara is resistant to jamming, and, on the contrary, the jammer itself becomes a target for it.

[OBRANA LIDU] How old is the idea on which the operation of Tamara is based?

[Reitmayer] The idea, surprisingly enough, is older than the principle on which radar works. It is about 90 years old. Actual research began about 30 years ago, when a prototype of equipment working on this principle was built. At the time, it was just a matter of basically verifying its “viability.” But, in the end, it turned out that it was producing results that are useful. This equipment was simply not automatic and was primitive, without any kind of computers involved.

Then an interesting situation arose. The Soviet Union at that time always took part in the development of all weapon systems for the Warsaw Pact and always involved someone in it. However, this system was being developed only by Czechoslovakia. The Soviet Union then concluded that this system had no future. It is interesting that now, when we have had a chance to talk to some scientists from various countries, we found out that they also had become involved in this type of system in the 1960's but had not considered it to be a promising one.

[OBRANA LIDU] When did today's version of Tamara actually come into being?

[Reitmayer] After the development of the first model in the 1960's, the first and second operational versions came into being in the Czechoslovak Army. These were available at the end of the 1960's and the beginning of the 1970's. This equipment proved its worth in practical applications. Today, no one would believe that the second operational model had in it a computer with only four kilobytes. At that time, the system was taken over from military research for development, and that was also when I met up with it for the first time. I must admit that at first I did not totally trust it, but later I carried out a simulated operation of the entire system. Just as a matter of interest, one second's simulation took eight hours on the computer, but it turned out that this equipment was suitable for further development. The second thing that convinced me that the path taken was the correct one was that I succeeded in tracking aircraft over Belgium from within the boundaries of our country. Serial production of this equipment began in 1980. The first prototype of today's Tamara was produced in 1986. Research naturally did not cease with this because we

must constantly modernize it. After all, there is also constant modernization of the potential targets. It is possible that right now someone somewhere is thinking up something new, but our researchers and developers are not sleeping, either.

[OBRANA LIDU] How do you, a civilian who in your work cooperates very closely with the military specialists, look on the problem of conversion?

[Reitmayer] In presenting the prize Tamara received from the editors of the magazine BAJT [Czech for “byte”], General Barak spoke about the necessity of maintaining Army research as an important base for civilian research. I fully agree with him. There was such a level of cooperative work between the military and the civilian researchers in the development of this system that, even today, one cannot draw any perceptible dividing line between them. When you look anywhere west of our borders, military research is a kind of driving force for overall civilian research, and everywhere it is also an important source of technical innovations. Finally, the greatest experts in their field also work in the armed forces. And what does that mean for conversion? Certainly, democratic ideals are nice, but today money stands behind everything, and it is necessary to look at things somewhat differently. Do you somehow suppose that the tanks we do not deliver will not immediately be replaced by tanks from somewhere else?

[OBRANA LIDU] There was a lot written and, particularly, hinted about Tamara last year. Some military representatives even stated that it does not exist. How do you look on this matter?

[Reitmayer] You must be aware that it is mainly a matter of business—that, above all. You have to imagine what interests are at cross purposes here. In my opinion, the entire affair came up when some people, perhaps guided by certain democratic ideals, got hold of information that had been kept secret for reasons of national security. Stormy debates took place in parliament. I personally at that time was at the Paris air show with a model of Tamara. This, of course, put me in a curious position because the official representative of the Ministry of Defense stated that Tamara did not exist and that it would never be put on display. When I returned home, my wife greeted me with suspicious questions about where I had actually been! But I think we should put a stop to this. Personally, I feel that there are certain facts that should not be made public for reasons of national security.

[OBRANA LIDU] At INVEK, you brought the system on three Tatra trucks. Supposedly, that is only part of the system. Of how many vehicles is the entire system composed?

[Reitmayer] There are eight vehicles in all—three Tatra 815 8X8's and five Tatra 815 6X6's. I have to add here that the Tatras are the best. When we were looking for transport vehicles for Tamara in the Soviet Union, none of them were equal to the parameters of the Tatras.

## CZECHOSLOVAKIA

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[OBRANA LIDU] And the price of the overall system?  
Can you tell us what it is?

[Reitmayer] I would rather not talk about the price. That should always stay just between the buyer and the seller, particularly in such sensitive cases. I can only tell you that it is comparable to the price of the most modern U.S. fighter-bomber, the F-16 (editor's note: \$20-25 million). Of course, this also depends on the specific case of doing business.

[OBRANA LIDU] And can you reveal the number of systems that have been delivered?

[Reitmayer] I can answer that, but only in the same way I answered a similar query in Paris. More than 50 and fewer than 100. In each case, Tamara has already earned its keep.

[OBRANA LIDU] Thank you for the interview.

**Progovernment Daily on Media War Developments**

**Compromise Voted Down**

93CH0099A Budapest UJ MAGYARORSZAG in Hungarian  
6 Nov 92 p 4

[Unattributed interviews with Sandor Sara, candidate for vice president of Hungarian Television, and with National Assembly representatives Gyorgy Banffy, Hungarian Democratic Forum; Sandor Toth, Christian Democratic Peoples Party; Laszlo Rajk, Alliance of Free Democrats; and Ivan Vitanyi, Hungarian Socialist Party, in Budapest on 5 November: "Failed Compromise; Sandor Sara Did Not Get Two-Thirds of Votes"]

[Text] *In the intermission of the Cultural Committee's meeting, our correspondent asked Sandor Sara about his nomination, and he also asked a few members of the committee about their opinions.*

[Sara] I agreed to the nomination. The vote of the Cultural Committee created a situation which must be evaluated; thus, I will wait for the president's decision.

[Banffy] The discussion that has been going on for a few years can be formulated in a few short sentences. The entire atmosphere of the changes in the country, the transition from dictatorship to democracy, is being negatively influenced by the media in general. The population of the country would have needed much more help in order to overcome the difficulties. Objective information would have helped them. The new media law is being delayed because the opposition—which dominates the media—does not wish to create a radio and television which, akin to those in Western democracies, would operate under societal supervision. They accuse us of wanting to turn the media into a government organ. But it is objectivity that we consider desirable. The delay of the media law hurts us more than it hurts the opposition. On the bottom of the discussion under way here is the fact that they were proclaiming independence and objectivity, and are fighting for a media that would represent their own interests.

[Toth] It is reassuring what Sandor Sara said: He is thinking in terms of an independent Hungarian Television. He drew attention to professional matters, which are missing from television today. His statement that one must provide honest, objective, and professional information implies that one must not manipulate the picture, the screen. And in saying that he misses the presentation of current Hungarian reality based on genuine documents, he wishes for the presence of politics on television. After all, the presence of genuine documents is nothing else than the most elevated kind of politics. One must not stoop down to a lower level. The taste of viewers must be improved by quality, high-minded programs. As far as a direct involvement in politics is concerned, Sara's films up to now demonstrate how sensitive he is to political issues.

[Rajk] It does not serve the purpose that could be in all of our interests: the passing of the media law. At the meeting of the six parties we proposed that the appointments should occur at the same time as the media law is passed. With this whole affair, Prime Minister Jozsef Antall is trying to win back the circles represented by Csurka. In connection with Sara, I can only say that this is not a question of confidence; the opposition wanted to save him from the role of a sacrificial lamb.

[Vitanyi] I think the entire affair is theatrical. Someone wrote a theater play, and the roles were cast. I think the play is bad. We should put on another one. The media law ought to be brought to a successful conclusion. They brought Sara here to be managing vice president, when he has no idea what he is supposed to do as such. I am not saying that he is not qualified; only that he is better suited for something else. In my opinion, this was a mistaken nomination. Sara is an outstanding person, a great film-maker, who would be able to be useful to television in many other ways. But if he had to deal with issues like next year's budget.... Instead of dealing with this issue for eight to 10 hours, we should be working on constructing the law.

*At its Thursday session, the National Assembly's Cultural Committee voted 14 to 11 for the prime minister's proposal to initiate the discharge of Csaba Gombar, president of Hungarian Radio, and 15 to 10 for that of Elemer Hankiss, president of Hungarian Television. The committee made this decision by secret ballot after about three hours of hearings and discussion.*

*At the end of its session, the Cultural Committee voted 17 to five with two abstentions for a proposal by the Free Democrats to initiate the release of the sequestered budget subsidy for Hungarian Television.*

**Opposition Criticized**

93CH0099B Budapest UJ MAGYARORSZAG in Hungarian  
6 Nov 92 p 1

[Commentary by Laszlo Fabian: "Why Not?"]

[Text] How simple life is when one tries to explain it from the liberal press. Our fellow newspaper, in an article called "Why?," firmly declares that the prime minister's only motive in appointing vice presidents to Hungarian Radio and Television is to force his will on the president of the Republic. This is certainly one aspect of the matter. However, at a time like this, one must ask the classic question: Which came first, the chicken or the egg? That is to say, it seems that it is his own party that forces its will on Arpad Goncz and puts him in a position that is contrary to constitutionality. Contrary because the president, by attaching conditions to his signature, assumes a power that does not behoove him, and this power does not oblige him to act responsibly. The opposition obviously relies on this. It did not take the agreement seriously for a moment; at most, it agreed to half-heartedly conducted negotiations. You bet the know-it-all journalist can write: "Arpad Goncz will

hardly sign it...." He can write it, because he knows it. He knows that no Constitutional Court can enforce that rights be protected if liberalism ignores these rights. Extreme right-wing ideology is added to the sins of the prime minister who has been proclaimed as Satan, and in this new line-up we gain a president who takes any risk in order to preserve freedom and constitutionality. This is the Great Lie of liberalism: Every little bit of humbug blows it out of all proportion. It is an old adage: If you must tell a lie, make it so big that no one will dare doubt it. And this is a contest for liars; one must not pass up the opportunity to win. Constitutionality is no longer in the hands of the Constitutional Court, the National Assembly, and least of all in the hands of the government. Constitutionality has become the prey of uninhibited liars. They gnaw at it, explain it, and shape it at will. Why not?

### Skinheads at Szeged Military School Viewed

#### School's Director Interviewed

93CH0094A Budapest TALLOZO in Hungarian  
5 Nov 92 p 2134

[Interview with Lieutenant Colonel Gyorgy Gazsi, director of the Janos Damjanich Military Boarding School, by Jozsef Panek in Szeged; date not given: "Military Skinheads a New Phenomenon?"—reprint from DELMAGYARORSZAG, 28 October 1992]

*[Text] Extremist views, offensive to minorities, were expressed Monday evening at the Ortutay Residence Hall in Szeged, where the Circle of Future Intellectuals held a forum on intolerance, xenophobia, and skinheads. The speaker who expressed such views was the spokesman for the "skinheads." To his speech he added a remark that sounded incredible: "We are students of the military boarding school in Szeged."*

We interviewed Lt. Col. Gyorgy Gazsi, the director of the Janos Damjanich Military Boarding School, and asked him to comment on what happened.

[Gazsi] It is incredible. My first reaction was that there must be some kind of provocation behind this.

[Panek] Were you and your staff aware that such ideas were being spread in the school?

[Gazsi] Such ideas have no fertile ground in our school. What was said is entirely in conflict with our educational objectives. We noticed earlier that four or five of the students had their hair cropped shorter, and that their outerwear was becoming darker. But we immediately ordered them to send their dark clothes home, and the short hair could have been a military crew cut. In my opinion, the real influences are coming from the outside, from the youths of the city. Our students cannot be sealed off hermetically; after all, they are attending also outside schools.

[Panek] Has there been any atrocity in the boarding school recently?

[Gazsi] There has not been any for years. We have an educational program that is tailored to the individual, and we are continually analyzing and monitoring it. For the sake of prevention, we have also established contact with the health authorities in the city, and with the police as well. I am certain that this is an isolated case, a ripple effect from the outside.

[Panek] Do your students have opportunity to attend meetings of skinheads? At the discussion they appeared to be well informed about their mates in Budapest.

[Gazsi] Education follows a fixed schedule, and we are preparing our students for a profession. Most of them go on from here to military colleges. But the students are entitled to two free weekends a month, when they can go home and when we are unable to monitor their whereabouts. I would not like to have the rumor spread that skinheads are camping out at our boarding school. Since 1983, it has been successful in helping to supply the intake of the military colleges.

[Panek] What does the future have in store for your skinhead students?

[Gazsi] We do not intend to shift the blame onto others. The important thing is that we noticed this phenomenon in time. What happened will be edifying for the other military secondary schools as well. The staff and the students' self-government will thoroughly investigate what emboldened the speaker to voice such views. We have to determine whether or not this is an isolated occurrence. If not, we have to establish how many more youths have been won over. We will investigate how much the conditions at home, at the school, and in the city have contributed to this. Our decision will be swift, but circumspect. If the rumors are confirmed, this student will have no place in our school.

#### Scandal Erupts During Debate

93CH0094B Budapest TALLOZO in Hungarian  
5 Nov 92 p 2134

[Article by V.T. and J.P.: "Scandal During an Intimate Debate"—reprint from DELMAGYARORSZAG, 28 October 1992]

*[Text] Naturally, the military boarding school is a closed institution. Many city residents do not even know that it exists. Or if they heard of it, they would still be hard pressed to say where it was located. We took a taxi to the school, and even the cab driver lost his way by turning into a driveway too soon; it leads to an oil well. Of the two army barracks along Szabadka Road, the six-story tower of the Janos Damjanich Military Boarding School is the rear one.*

At the gate, they know of our expected visit. A uniformed duty officer leads us toward the end of a corridor, where the school's director, Lt. Col. Gyorgy Gazsi, is already

waiting. We do not meet anyone along the corridor and staircase. It is the quiet hour, the lieutenant colonel's escort explains. We reach the director's office, where three students already are sitting and waiting. The fourth one, who participated in the debate, is brought in later.

Seeing our photographer, the students cautiously inquire whether they have the right to refuse being photographed. We offer to photograph them from behind, so that they would not be recognizable. When they refuse our offer, the lieutenant colonel snaps at them to give a reason for their refusal. We remark that it is their right to refuse, and that they do not have to give any reason for doing so.

#### About Xenophobia, on the Pretext of 1956

It turns out that the students had obtained permission from one of their resident teachers to attend a program commemorating the 1956 uprising. The three companions just happened to hear about this discussion from their spokesman. He in turn had read about it in DEL-MAGYARORSZAG. It is not clear why they had to lie.

The debate on intolerance, xenophobia, and skinheads aroused their interest. It was by mere chance that the short-haired student was invited to participate and was welcomed on the podium. Here in the director's office the three hasten to declare that they are not skinheads and have nothing in common with them. Their leader—sitting here wearing a sailor's cap and a green polo shirt decorated with an eagle—takes over. He claims, just as he had Monday evening, that they are neither fascists nor anarchists, but nationalists in the meliorative sense. It simply disturbs him that ethnic Hungarians living in other countries are not granted the same rights that minorities in Hungary enjoy. He does not repeat what he said the previous evening about unfurling the Hungarian flag in Transylvania and the Felvidek ["Upper Country"—northern Hungary until 1920, now Slovakia]; he merely refers to this by citing as an example Austria's ban on singing the Hungarian national anthem and displaying the Hungarian flag. When asked about the Hungarian state's "gendarme role," he admits to having used that expression simply for want of a better word; anyhow, he said all that in full quotation marks and parentheses. And it is true of all his chatter that he said everything only from a sense of indignation, when one tends to shoot off his mouth. Incidentally, what he said the previous evening was not a statement. He was speaking only on his own behalf, wanting to share thoughts in an intimate and frank debate.

#### Raffay Yes, Csurka No

He arrived at these thoughts by reading a lot. "From Mr. Erno Raffay, for instance."

"World War I is my favorite subject. It occurred to me that the Treaty of Trianon had been unfair. Admittedly, we too committed mistakes in World War II. There were the Cold Days in Vojvodina, for instance. But we have paid dearly for that mistake."

He has not read Csurka's essay, nor anything else by him. He does not identify with the ideology of any political party. He has devoted much time to skinheads and has read everything about them. In his opinion, a company of storm troops could solve the problem (indignant snorts from the uniformed personnel in the room). And he fails to understand how a Hungarian could be a fascist. Incidentally, they all reject the use of force, none of them has ever been in a fight, and they readily admit that the military boarding school is not fertile ground for the spreading of these ideas.

#### 'At the Worst Possible Time'

The boys have what is called a military bearing. They regard military service as their future profession, and that view does not stem merely from the nature of the school. It is no coincidence that Lt. Col. Gyorgy Gazsi is talking of a strict but circumspect investigation. In addition to the educational program's success, also careers are at stake. If a student is expelled, he has to reimburse a part of the costs of his education. While at the school, he is under observation, but once he has left, there is nothing to protect him from extremes. This is a homogeneous community of boys, for whom all the requirements are the same. The school's director is proud of his annual educational plan.

"All this has come at the worst possible time. There are twice as many applicants as the number of students that can be admitted. The average grade at the end of the 1991/92 school year was 3.9. Ninety-three percent of the graduates are continuing their studies, and we are planning to convert the institution soon into a military secondary school. I would hate to see this painful individual case spread as a phenomenon," said the director as we took our leave.

We would not like to see that either. Nobody would. This case could be presented as fashion, but that would be self-delusion. It could be said that this happens rarely in a military boarding school, but that would be meager consolation. The facts must be believed, even if at first glance it seems incredible that a scandalous orientation has been able to approach a military prep school. For the time being, extremism in Szeged is not so "developed" as in Budapest. But there, too, it began somehow or other.

When we visited the Janos Damjanich Military Boarding School, Lt. Col. Gyorgy Gazsi informed us that the student who had participated in the scandalous debate Monday evening has been suspended from the school pending the outcome of the investigation. An internal investigation has been launched into what happened.

#### MSZP MP: Ban Fascist, Not Bolshevik, Signs 93CH0092B Budapest KOZTARSASAG in Hungarian 30 Oct 92 p 9

[Interview with Hungarian Socialist Party National Assembly representative Janos Schiffer by unnamed reporter; place and date not given: "Nonsymbolic?"]

[Text] A legislative proposal to amend the Criminal Code of Laws relative to the use of symbols of authoritarian organizations has been introduced by 23 members of the MDF [Hungarian Democratic Forum] faction in parliament. If the proposal becomes law, a person propagating or using the symbols of organizations or movements which have in the past or might in the future aim for the acquisition of power by force, or for the exercise of exclusive power in Hungary, would commit a misdemeanor and would be punishable by not more than one year in prison and by having to pay a fine. The survival and renewed use of various extremist (fascist and Bolshevik) symbols outrages and violates justifiable sensitivities of a significant part of society, so the arguments accompanying the legislative proposal state.

MSZP [Hungarian Socialist Party] faction member Janos Schiffer was shocked by the proposal:

[Schiffer] I was surprised that the Criminal Code of Laws has not prohibited fascist symbols before. It must have been left out because it would have been inconceivable for anyone to step out on the street wearing such symbols. But I was even more shocked by the interior minister's reference to this void. There are many legal provisions that could have been used to pick up people wearing fascist symbols in a crowd on a national holiday. This symbol is so closely tied to fascism, to concentration camps, and to racism that it is suitable for scandalizing people.

[KOZTARSASAG] The legislative proposal concerns not only fascist symbols, but also Bolshevik symbols.

[Schiffer] This duality has existed in the MDF since long ago. When I raised my voice seeking recognition of the antifascist struggles, the state secretary from the Ministry of Public Welfare had only one counterargument: He asked why I did not raise my voice seeking recognition of anti-Bolsheviks. At that time I responded by saying that we were dealing with different values and that these values were not competing with each other. On the other hand, I fully agree with an MDF representative who said that some stunningly inhuman activities have taken place under the guise of Bolshevik symbols. My father, too, has spent years in prison, on death row. The truth is that such acts have also been perpetrated under other symbols in the course of history, but it comes as natural that no one thinks today of prohibiting the cross, for example, for things that had happened a long time ago. Because that, too, was a process; it underwent a catharsis and has now found its place. I believe that the past can be removed from Bolshevik symbols, too. By now, the power has changed in all countries that once experienced Bolshevik rule, into a democratic, or more democratic, form, without any shock caused by armed conflict. Under no circumstance could this be compared to the process symbolized by Nazism, against which the entire world had united and had trampled the entire Nazi machinery together with its symbols into the mud. Identifying the two symbols as the same makes essential differences disappear, and the question is what purpose this serves. Could it be that they want to lessen the weight of crimes committed under the Nazi symbol?

[KOZTARSASAG] Does the faction plan to take countersteps?

[Schiffer] We are examining both the Criminal Code of Laws and the legislative proposal. We are aware of the fact that this is a touchy subject, because those who suffered wrongs during the past system might view the red star with the same hatred as they view the swastika. But still, one cannot draw a parallel between the two; they must be viewed separately.

#### Prosecution of Unauthorized Radio Stations

93CH0107B Budapest HETI VILAGGAZDASAG  
in Hungarian 7 Nov 92 p 100

[Article by Endre Babus: "The 'Tilos Radio' Case; Band-Stretching"]

[Text] While moving recently to establish a new television channel under the name Hungaria TV—blatantly violating the spirit of the frequency moratorium it has applied to others—the government has continued to refuse to "show mercy" toward low-capacity pirate stations accused of breaking the law. The trial concluded last week against Tilos Radio [Forbidden Radio] may be followed by similar new legal actions.

Despite the fact that the 1,200-day frequency moratorium has been declared unconstitutional, punitive actions continue unabated in Budapest against alleged operators of Budapest-based pirate broadcast stations. Last week, the Budapest Central District Court (BKKB) dismissed first-degree charges against two individuals accused of operating Tilos Radio, but it is possible that new charges will be filed soon against the purported operator of another supposedly illegal radio station. The principal player in this case is a young man known as Vova who was the primary defendant in the Fo Street trial, and who showed up at last week's trial with a black eye, which he suffered in a confrontation with a young skinhead.

Have any laws been broken? This was unquestionably the key question to be addressed at the Tilos Radio trial. Attorney Istvan Nehez-Posony's argument was that it would be hypocritical to demand that the editors of the independent radio obtain a broadcasting license as required by the 1986 press law, when the authorities—citing a frequency moratorium that had never been put in place by statute as their ground—have refused to issue such documents to anyone in Hungary since July 1989. The founders of Tilos Radio were exercising their constitutional right of freedom of expression when they launched their program, claimed the defense, and asked that the case be suspended and the files be forwarded to the Constitutional Court for an authoritative ruling (HVG, 12 July 1992).

The BKKB rejected this request, and after three rounds of hearings it moved to acquit the defendants, stating not that no crime had been committed, but that there was a lack of evidence against them. As the judge, Mrs. Janos Biro explained, the proceedings had undoubtedly produced some reasons for suspicion; for example, the fact that the primary

defendant was the manager of a hospitality industry organization, called "Tilos az A" [A is Forbidden], which is similar to the name of the pirate station, and that according to a phonetics expert, there was an 80-percent likelihood that the voices of the accused individuals were the same as those of the editors of the independent radio. However, no indisputable evidence was produced to establish the guilt of the accused, who throughout the trial denied that they had anything to do with the pirate station, which operates at the 95.5 MHz VHF band (transmitting at least three times a week, four hours a day in the afternoons and evenings). The antenna and microphone seized by the police as evidence, incidentally, were described by the technical expert during the trial as having as much to do with Tilos Radio as they might with Vatican Radio. From the legal standpoint the most interesting aspect of this case was that it brought into focus the distinction between the ways the former "soft dictatorship" and the present "tough democracy" have dealt with the so-called illegal press. While in the past, the authorities used misdemeanor charges against underground editors (threatening them with not more than 30 days in jail and 10,000 forints in fines), the present authorities are treating the activities of the operators of today's electronic samizdat as acts of felony, punishable by a year in jail or a 180,000-forint fine. It is quite another matter that for now the government "organs" appear to be losing in the Tilos Radio case: According to last week's judgement the state will have to bear the entire cost of the trial, amounting to 33,000 forints.

In the wake of last week's fiasco, incidentally, the investigative authorities, who so far have spared neither time nor energy in their efforts to uncover the first Budapest pirate station, appear to be gearing up for another showdown. Recently the Fifth District Prosecutor's Office unexpectedly summoned and interviewed the already-mentioned "Vova" in connection with a case which the police had already closed (with the imposition of a 3,000-forint fine). This time the public prosecutor is gathering incriminating evidence in connection with the operation in the spring of 1992 of the short-lived pirate station called Sokol Radio. So far the only thing the Frequency Management Institute and the police have been able to determine is that it allegedly operated out of a third-story flat in an inner city apartment building. In this case, which the prosecutor's office is now trying to resuscitate, finding evidence may prove to be just as difficult as before. For according to the accused, this was all a very unfortunate misunderstanding, as he had only used the roof antenna, which he is now being told is capable of transmitting broadcasts, for receiving the programs of Slovak Television.

**New Law Limits State Invasion of Privacy**  
**93CH0107A Budapest HETI VILAGGAZDASAG**  
*in Hungarian 7 Nov 92 pp 99-100*

[Article by Gabor Juhasz: "Privacy Law; Dealing With Legal Loopholes"]

[Text] Last Tuesday, without a dissenting vote, parliament adopted a two-thirds law designed to protect private information and ensure access to public information. This accomplishment, the likes of which we have not seen much lately, is essentially attributable to the fact that this is only a skeleton law, the value of which will depend largely on other—for the most part yet to be adopted—laws.

With the enactment last week by parliament of the law designed to protect private information and ensure access to public information, we can check off another one of the commitments included in the April 1990 MDF [Hungarian Democratic Forum]-SZDSZ [Alliance of Free Democrats] and the subsequent constitutional amendment. The result, of course, is rather illusory: Most of the laws connected with the skeleton statute are yet to be enacted by parliament—the one governing the maintenance of records of personal data and the addresses of citizens is expected to be adopted still this week, but after this issue will have gone to press—hence the only thing that the representatives have put into force was a "constitution to protect private information."

The issue of privacy protection first came into focus in April 1991, when the universal and uniform personal identification code (personal number), which had been used without restriction, was declared unconstitutional by the Constitutional Court (AB). According to the court: "It is incumbent on the lawmakers to pass a law designed to protect private information and ensure access to public information, as stipulated in paragraphs 59 and 61 of the Constitution" (HVG, 20 April 1991). By this time, the Ministry of Justice had already prepared a draft privacy law (the first concept of which, incidentally, had been drawn up back in 1987 by the current president of the AB, law professor Laszlo Solyom, and a later version of which already made its rounds in the government in early 1989), but the Justice Ministry's proposal—which also dealt with the problem of the personal number—had to be reconciled with the AB's decision.

The AB had given the government until the end of 1991 to introduce constitutional regulations to govern the gathering of population statistics (setting the same deadline for the nullification of the previous statute that had established the personal number). So the government has decided to resort to a "trick": It took the two-thirds majority-supported privacy protection draft and took out the parts that pertained to the personal number, thus circumventing a long parliamentary debate and avoiding the prospect of missing the deadline. At the same time, it submitted a provisional draft proposal for the gathering of population statistics (to include a personal number of restricted use), which on 21 December 1991—during the budget debate—was expeditiously adopted by parliament (as a "straight" law) following a special motion. According to the original plan, the transition—or legal extension—was to last until 30 June 1992 (HVG, 11 April 1992).

Moving to replace the provisional law, on 13 December 1991 the government did submit a proposal to regulate the registry of the personal data and addresses of citizens—the final vote on which will be taken after this

issue has gone to press—and followed it on 6 April with a draft privacy protection plan (HVG, 18 April 1992). The general debates over the related proposals began on 12 May and ran concurrently, still they were unable to finalize the regulations by the end of June. So another delay was granted: An amendment adopted on 16 June set the end of October as the new deadline. The haste did leave its mark on the detailed debate over the privacy protection draft: It started on 6 October (with five speakers discussing it), continued on 13 October (with one speaker), and after one postponement the two-thirds law was passed on the evening of 27 October.

Despite the reservations expressed about its skeleton-like nature, the law just adopted does have an unquestionably positive aspect in that it does restrict the gathering of personal data: Such information now can only be collected in accordance with the law, by legal authorization, or by the consent of the individual involved. The collection of data must be for a specific purpose (in other words, it is no longer permitted to establish data banks on the basis of the "it may be useful someday" principle), and the law also limits the merging of information networks. Within the personal data category it also establishes a special classification defined as sensitive information (e.g., data pertaining to the criminal record, sex life, and health of individuals), which will be even more strictly regulated: These may only be gathered in accordance with the law and with the written consent of the person concerned. In addition to laying down the principle of privacy protection, the law also defines the right of open access to public information, i.e., the right of citizens to obtain—within the bounds of certain national security restrictions—information of public interest from public offices for the purpose, for example, of looking into how public funds have been spent. (Public credit records—such as trade and real-estate registries—will continue to be governed by separate statutes.)

In order to effect enforcement of these two recently enacted legal doctrines, people now have the recourse to turn to the courts if their rights to privacy have been violated or their freedom to obtain information has been restricted. Moreover—tying it in with the draft proposal to appoint a parliament commissioner—the law also calls for the establishment of the position of commissioner for privacy protection.

The problem is that—although it is already under debate—parliament still has not enacted the commissioner statute, and the draft laws designed to accompany the "privacy protection constitution" have not even reached the debate stage: The draft statute on statistics, for example, has been waiting to be taken up since 17 January 1992, and the one dealing with press regulations since 22 May. During the general debate on the privacy law many complained that the draft had much too many holes in it. Tamas Tirts, for example, counted "14 references overall to laws to be drafted later" (none of which are scheduled to be prepared by a set deadline).

Since some of the connected laws (such as the press, police, and secret service statutes) require passage by a

two-thirds majority, it is pointless even to try to predict when some of the rights already spelled out by law will be fully implemented. It cannot even be said for certain whether or not parliament will try to use the mandate of the regulations just passed to try to include rules into these statutes—or in any privacy protection statute not requiring a two-thirds majority—that will actually limit our citizens' rights to privacy and access to information.

**Justice Minister on Pending Legislation, Courts**  
*93CH0093A Budapest KOZTARSASAG in Hungarian*  
*30 Oct 92 pp 40-41*

[Interview with Minister of Justice Istvan Balsai by Peter Balla; place and date not given: "Parkinson's Disease? Drafting Legislation With Police Assistance"]

[Text] According to Parkinson's law, work on drafting legislation expands to fill the time allotted for its completion. At the Budapest Bar Association's professional conference held in Balatonaliga towards the end of September, Minister of Justice Dr. Istvan Balsai lectured on the present and future of drafting legislation and of law enforcement. Peter Balla, our reporter, sought an answer primarily to the question of whether Parkinson's syndrome aptly describes the conditions in our country.

[Balla] The five-year program for introducing new legislation was unveiled back in 1987. It bequeathed to successors obligations that—in your words—"cannot even be regarded as serious," due to the change of political systems. Aside from this, parliament so far has failed to enact four pieces of legislation that the Constitution prescribes as mandatory. Which ones are they?

[Balsai] The bills regulating the following: the perquisites of the president of the Republic, the legal status of ministers and state secretaries, civilian states of emergency, and military states of emergency. Before you ask, let me immediately add that, for entirely understandable reasons, preference in the drafting of bills has been given to economic matters.

[Balla] Let us stick to legislation for the time being. One of the dailies reported that Dr. Tamas Ispey, the parliamentary state secretary at the Ministry of Justice, had called as unwarranted the generalization that the low professional level of the legislative bills presented to parliament was the reason why debate on each bill was protracted. Do you agree with this?

[Balsai] Put that way, it is perhaps an exaggeration. Already because most bills, so far as the "shop work" on them is concerned, are not produced at the Ministry of Justice. But we on our part strive to remove any loose wording from the text. Unfortunately, the old reflexes in gathering comments from other ministries have survived, and the justice minister's rights and obligations in conjunction with drafting legislation are not defined accurately.

[Balla] In other words, "too many cooks spoil the broth" in the case of a bill that concerns several ministries. Does each one add a bit to the text, and delete a bit from it?

[Balsai] I would not regard that as a tragedy, especially not if there were a team to coordinate the drafting of any legislation that truly has many aspects. What I have in mind are drafters of legislation who would be seconded by the Ministry of Justice to the other ministries. There they could put to good use already in the first drafts their experience of drafting legislation and employing legal techniques. I must say that one of the reasons why this idea has never been realized is that the Ministry of the Interior, for instance, is strongly opposed to such a system. To put it tactfully, officials there are motivated by strong legislation-drafting ambitions.

[Balla] Perusal of the police bill's government-approved version shows a wide gap for the time being between those ambitions and reality. Speaking of the police bill, why is the institution of immunity from prosecution (erroneously dubbed plea bargaining), or the range of questions pertaining to special devices employed by the secret service, regulated there rather than in a criminal procedure bill?

[Balsai] That is what we too would have liked, but have been unable to achieve.

[Balla] Regarding law enforcement, summing up the experience of the past 28 months, you said in your lecture that the situation of the courts has changed from bad in 1990 to normal at present. What did you mean by that?

[Balsai] Of course, everything is relative, and even I myself am not entirely satisfied. The courts have gained a total of 61,400 square meters of new floorspace since May 1990. We spent four billion forints on enlarging and renovating 40 courthouses. It will suffice to cite as examples the Registry Court on Nador Street in Budapest, the courthouse on Iren Varsanyi Street, or in Obuda the transfer and acceptance of the building for the 2d and 3d District Court. We would like to establish three new courts, namely in Koszeg, Dunakeszi and Vasarosnameny. And also a court in Budaors, which would take over the competence and jurisdiction of the present Buda Suburbs Court.

[Balla] The salaries of judges have been raised, yet about 10 percent of the positions within the judiciary are vacant. Why?

[Balsai] It is undeniable that gross salaries have increased by 120 percent during that time. But if we take inflation and taxes into consideration, I think that in terms of pay we are still at the end of the line. Although we are planning to give judges another raise.

[Balla] To protect court employees, the installation of electronic metal-detecting and screening gates, of the type used at airports, will begin at the Metropolitan Court on 21 September, and then continue successively at the Pest County Court and the Pest Central District Court. How much does a gate like that cost?

[Balsai] Seven million forints, plus the personnel costs. Because of the damage caused by the dozen or so bomb scares, however, that investment will be well worth the cost.

[Balla] Reverting to the work of drafting legislation at the Ministry of Justice, your colleagues are being paid pursuant to the provisions of the Law on Civil Servants. But when you invite applications to fill vacancies, you specify such high requirements that most persons who qualify, and would otherwise be willing to accept the job, will think twice about applying; with their professional backgrounds they could earn much more elsewhere, even as judges. It is difficult to assemble an efficient team that way.

[Balsai] I fully agree. But most members of the team of experts do not have to be permanent staff. I will cite as an example the Criminal Lawyers' Club, established in 1991. Its renowned theoreticians and practical experts had been giving the "professional" drafters of legislation excellent suggestions already in conjunction with amending the Criminal Code.

[Balla] You were an attorney in your "private life," and are a member of the Budapest Bar Association. Therefore you undoubtedly are familiar with the problems of your profession. The statutory fees for court-appointed defense counsel in criminal cases are gradually declining in value to where they will practically be not enough to buy you lunch. Therefore it is understandable that most attorneys are reluctant to accept such assignments. Yet, in a rule-of-law state, specifically these indigent defendants need the most effective help a defense attorney is able to provide. Does the ministry intend to remedy this situation?

[Balsai] Yes, of course. But a "breakthrough" has not occurred as yet. This is a question of money rather than of principle. Like the child support or the compensation that the state advances. Although the defense attorney is able to petition the court to establish his fee, I do not regard that solution as particularly felicitous either.

[Balla] Why not?

[Balsai] In part because the defendant obliged to pay the fee might appeal if he thinks the fee is too high, or the defense attorney might consider the fee too low and file an appeal for that reason. Thus the defense attorney and the defendant could become litigants. Furthermore, ethical considerations aside, such clients would anyhow have no assets against which execution could be levied. Finally, because in criminal cases there is nothing to serve as a basis for judicial practice on setting fees; unlike in civil lawsuits where the attorney's fee can be based on the amount of the claim, for instance.

[Balla] Then what possible solutions are there?

[Balsai] On the one hand, raising the court-appointed defense attorney's statutory fee, in accordance with what the economy is able to afford. And on the other hand, partial "assumption of the burden" by the National Bar Association.

[Balla] The state is in a difficult financial situation, so the first possible solution may be disregarded. When speaking of attorneys, "assumption of the burden" never means a further increase in the ridiculously excessive burden of taxes, social-security contributions, and other expenses. Are you thinking of raising the membership fees?

[Balsai] That is something the members of the bar association will have to decide. Anyhow, on the basis of private conversations with attorneys I am able to say that many of the colleagues interested mostly in civil-law practice would gladly pay higher bar association fees as the price for not having to engage even in this form of criminal practice. Not even the legal profession has escaped specialization. Therefore also the authorities would be better off if they could conduct criminal proceedings with the help of a regular contingent of knowledgeable members of the bar—i.e., of truly professional defense attorneys specializing in criminal law.

[Balla] In conjunction with the disciplinary regulations governing attorneys, you mentioned that the idea has been advanced of ensuring judicial participation in such matters. How would that be done?

[Balsai] I do not regard the judiciary as being reassuringly capable of judging professional misconduct by attorneys and its consequences. What has been proposed, therefore, is not a judicial review in general, but merely a seat for a judge on the disciplinary board.

[Balla] According to the National Assembly's calendar, ratification of the Council of Europe treaty is scheduled for consideration on 22 September. Do you expect a meaningful debate of the treaty's ratification?

[Balsai] No, I am not concerned about that. But I wish to add that, in the manner customary in international practice, Hungary has attached a reservation to the treaty, because in such short time it would have been impossible to adapt the procedure in petty-offense cases to the Council of Europe's standards. At least several months are needed before the law becomes effective, so that lawyers can thoroughly acquaint themselves with the provisions of the treaty, and with the Strasbourg judicial practice that has crystallized on its basis.

#### **Demszky Weds Leading Communist's Descendant**

93CH0092A Budapest TALLOZO in Hungarian  
5 Nov 92 pp 2155-2156

[Statements by Vera Revai, wife of Budapest Lord Mayor Gabor Demszky, by Emese Hulej: "The 'First Lady' of Budapest"—article reprinted from HETI PESTI RIPORT 29 Oct 92, page not given]

[Text] The mayor's wife eats breakfast in bread, takes a light bath, then receives the board of the Women's Club before noon. Thereafter she takes a ride to [Varos]liget. Now compare that scenario with this true one: The mayor's wife rises at 0630, gulps down her usual cafe au

lait, then gets into the car next to her husband. She gets out at the metro station and takes the metro to her workplace. At Varosliget.

Vera Revai, the mayor's wife, is 25 years old. She completed her studies at the University of Economics last year, and she has held a job since almost a year ago at Hungexpo, her first workplace. Not even a month has passed since she married Gabor Demszky, the mayor of Budapest.

"There is no Hungarian word to describe my work function," Vera Revai says. "I am handling the advertising accounts of various firms, and make arrangements for their advertisements. This work is rather creative; I must figure out what would have the greatest impact on consumers."

Aside from, and after her work, Vera must stand fast at yet another front. True, this "second shift" looks a bit different....

"My husband works from eight in the morning until ten or eleven at night. In order to spend any time at all with him, I join him in his evening schedule. No other functions have been discussed thus far. But I have to learn this, too. People have a right to expect the mayor's wife to be lovable and intelligent, so that the people of Budapest can say that the mayor is accompanied by a lady."

Fortunately, Vera Revai is well versed in the labyrinth of protocol; as a student she frequently acted as an interpreter at official functions. She has a high proficiency degree in Russian, French, and Spanish, but she also speaks English. "A little bit," she says, but that little bit is enough for her to converse with Lady Diana or the Dalai Lama.

She met Gabor Demszky while interpreting.

"The Belgian television was preparing a report with him, then we began to converse and found out rather soon that we had one common passion: horseback riding. My father is a physicist, I went to school in the Soviet Union while he worked there, and that's where I learned horseback riding. Gabor invited me for a weekend of riding, but as soon as I mounted the horse it ran away with me, and I was unable to stop it. I fell down on top of a fence and my face was full of scratch marks. Gabor was very frightened, of course."

Although the scare and the scratches have disappeared, the riding caused "injuries" that take longer than eight days to heal for both.

"Before that, I did not take note of him as a politician. In those days I liked Ivan Peto the best from among the SZDSZ [Alliance of Free Democrats] politicians."

Certainly, the boulevard papers did not sniff this out; nevertheless, they instantly took note of the mayoral romance.

"I would have been bothered had they dealt with me, but they were writing more about my grandfather, Jozsef Revai, who had served as minister of education in Rakosi's times. I did not know him; he died long before I was born. I recall

that my history teacher at the gymnasium asked whether it was all right to discuss my grandfather as part of studying that era. I told him that it would not bother me at all. My parents were absolutely removed from politics, and I, too, wanted to get away from politics as far as I could."

Well, she did not succeed in this. Vera aspired to live the life of the bourgeoisie, and there she is!

"I pondered for long whether I wanted to live this way. But when I asked myself whether I could part with him because of his way of life, the answer was clearly no. So there was nothing more to be pondered in this regard. This is not going to last forever; in the meantime I will try to adapt myself. Other than that, I do the laundry, cook, clean the house, and almost always prepare a hot dinner."

The truth is that the mayor still lacks something in his new home....

"It is mostly he who tries to persuade me that we have a child as soon as possible. But even if I agree to do everything by myself regarding all the other situations, I believe that I need my husband's presence when it comes to raising a child."

The mayor's wife is a determined personality, as that must have already been revealed from what we have read thus far. Henceforth, of course, she will be watched more closely.

"I did not change because he is famous; what caused the change in me is this close bond with someone. I thought I would not get married, because my career was always most important to me. I now discovered that it is not. The reverse situation exists. I like my work very much, but as soon as some important task comes up at home—like the present illness—that becomes the most important thing."

The mayoral couple did not take a honeymoon. They did not have time for it. And aside from that, for quite some time to come, Budapest is going to be the most interesting city in their eyes.

**Limits on Land Ownership by Foreigners Planned**  
**93CH0108A Budapest HETI VILAGGAZDASAG**  
**in Hungarian 7 Nov 92 p 110**

[Article by Peter Felix: "Foreigners and the Land; Stay Out!"]

[Text] Parliament has recently begun debating a draft proposal on the ownership and utilization of agricultural land. In connection with this proposal the deputies have indicated that they attach great importance to making it as difficult as possible for foreigners to obtain agricultural land.

"Israel is poised to invest 10 billion dollars in Hungarian agricultural land for the purpose of resettling Jews who have fled from the former Soviet Union," states a report submitted recently to the courts by an organization calling itself the Agroanalysis Scientific Society. The preparers of the report

have charged that the Ministry of Agriculture was partially to blame for bringing about this situation. Andras Tejfalusi, the head of this heretofore unknown organization, who has earned a reputation for his propensity to complain, has expressed outrage over draft proposal No. 6411 submitted earlier by the SZDSZ [Alliance of Free Democrats] and called on the courts to take immediate action to block its passage. The problem is that the draft law they received from the Free Democrats was actually one that had been approved by the government months ago, hence—perhaps by mistake—the society's number-one suspect is the government itself.

Clearly the government parties are also concerned about the "auctioning off" of Hungarian land. Hence a number of amendments have been and are expected to continue to be submitted to parliament in the near future, aiming to go even beyond the government's already parsimonious regulatory concepts in restricting the opportunities of foreigners to buy agricultural land. The draft proposal in question offers four possibilities to foreigners: They can use the money received as compensation for expropriated land that they had owned to buy new agricultural land in Hungary; they can exchange land which they already own for new land; they can acquire more land by virtue of an annulment of joint ownership; moreover, the proposal would also recognize inheritance as a basis of right to legal title.

Expert representatives of the MDF [Hungarian Democratic Forum] are said to be working on a proposal aimed precisely at instituting a more exact definition of title by inheritance. Since presently titles may be inherited both through a direct line of descendance and by will, the intent is to exclude the latter from among the options open to foreigners, as it is felt that this would provide fertile ground for abuse. At the same time, the government proposal does not extend to the acquisition of lands open to public sale for compensation-related purposes; this they intend to make possible for foreigners by means of an amendment.

Many have taken exception to the fact that—according to a possible interpretation of the draft proposal—upon the dissolution of foreign-owned companies based in Hungary holding agricultural land, foreign owners can acquire more land by claiming that joint ownership has been terminated. According to Zoltan Horvath, head of main department at the Ministry of Agriculture, the text of the draft proposal makes it unequivocally clear that prior to liquidation, firms with foreign interest are required to sell their land holdings. Nevertheless, he told us, he has learned that the environmental committee of parliament is preparing to submit a very detailed proposal of clarification on this issue. A similar proposal is in the works for clarifying foreclosure procedures. If, for example, a foreign bank wants to recover its outstanding debts from a Hungarian debtor, it will not be able to assume ownership over mortgaged land; it will only be able to initiate foreclosure procedures and receive the money thus collected.

Zoltan Horvath has found that what the representatives are afraid of is the establishment of foreign-owned large estates, insisting that food production is a strategic issue. "There is no question that the West European countries also have

various measures in place to limit the acquisition of agricultural land by foreigners, but I believe that the draft proposal currently under consideration is too conservative in this respect," said Bela Glattfelder, an agricultural expert of FIDESZ [Federation of Young Democrats]. In an interview with HETI VILAGGAZDASAG he said that our lawmakers should make it clear that the rigor which they intend to apply to foreigners is only temporary, and might be relaxed in the future. For in his opinion the easing of controls will be virtually unavoidable, particularly as soon as Hungary becomes a member of the European Community, as those countries apply far more liberal criteria.

Bela Glattfelder also called attention to the fact that while the lawmakers seem to have an inexhaustible supply of ideas about restricting acquisition of agricultural land, there are still no Hungarian regulatory limits on restricting the duration of tenancy. So he feels that unless this issue is addressed in connection with the debate over the draft proposal, it is conceivable that foreigners may be able to lease agricultural lands in any amount, for as long as 100 to 200 years.

### Gloomy Economic Forecasts, Official Optimism

93CH0095B Budapest HETI VILAGGAZDASAG  
in Hungarian 31 Oct 92 pp 105-107

[Article by Gyorgyi Kocsis: "Economic Prognoses; Deadly Illusions"]

*[Text] Three groups of economists, independent of each other and the government, are more pessimistic about next year's economic situation than the official prognosis, claiming that, at best, 1993 will be a year of stagnation, not growth. It seems that neither current nor past experience inspires the government not to risk its remaining credibility with unfounded promises.*

In the document that summarizes the government's economic policies for 1993 and 1994, it is stated that "The past year and a half made it clear that fundamental changes have taken place in the functioning and internal processes of the economy and in the behavior of the participants (population, businesses) that no one expected." This statement is a reference to the survival of the old concept in which representatives of the state identify themselves with society as a whole. For "no one" is a somewhat exaggerated generalization because independent experts and politicians of the opposition have often warned the government against hasty optimism or against superficial approaches to facts. And the same representatives of the coalition who gave their blessing last December to a state budget that was characterized by volunteerism and was based on an erroneous economic policy, hypocritically displayed their indignation at the recent presentation of the new budget proposal that the government plans, which were supposed to serve their illusions, were defeated. Now there are indications that the administration is not learning but forgetting everything: Again, as opposed to recently published analytical and prognostic studies by experts on

the 1992-93 processes of Hungary's economy, the administration's document is the one that offers the rosiest picture of the near future.

The experts warn us that changes in the economy—which are mostly self-determining—do not coincide with election cycles, regardless of how much they wish they would. It was futile for the government to plan a 1- to 2-percent growth in GDP after a 10-percent decrease in 1991 in order to promise voters a boom of 5-6 percent in 1993 when this year's recession is indisputably turning out to be greater than expected. The recession is estimated by Kopint-Datorg and the Economic Research Institute (GKI) to be about 4-5 percent; Budapest Bank's (BB) estimate is somewhat more pessimistic at 7-9 percent, although it is supported by more modest arguments. Be that as it may, experts who know more about economic trends than the administration say that, according to logic, recession must be followed by stagnation before growth can begin. Despite this, the cabinet's strong conviction that we can jump out of the crisis with a single thrust has become even stronger during the past weeks. In its September version, the government program still reckoned with the possibility of a 2-percent recession this year, and this was the basis for next year's plan of a 1- to 3-percent growth in the GDP. In October, the Finance Ministry [PM] corrected the rate of this year's expected recession to 5 percent—but did not amend the plans for 1993.

"As a characteristic contradiction of 1992, the not-so-small differences between political expectations and real processes have become immense.... Economic growth was already declared an accomplished fact at the time when economic performance was by necessity still in recession," writes Laszlo Csaba in the Kopint study. As a grave consequence of chasing dreams, "The surplus that was equivalent to almost one-tenth of the national product was distributed among various justified needs without first having been created."

This year, too, the probable reason why the concepts of the officials were derailed was that the intellectual prowess of the citizens was underestimated. The officials' surprise is revealed in an earlier government proposal: "Giving up decades-long habits in accordance with the logic of market economy, economic participants adapt extremely rapidly to the changes in the economy." The government plan that economic growth would be kicked off already this year by an increase in domestic demand did not materialize because there was an unprecedented level of saving instead of consumption and investment: the population was prompted by the uncertainty of being able to make a living, enterprises that are still owned by the state were prompted by the delays in privatization, the private sector was prompted by heavy taxation, and all three were prompted by high interest rates. Indeed, most of the foreign capital that flowed into Hungary ended up in financial investments. Present financial policy seems to lack the means or effectiveness for this situation: Extensive liquidation has resulted not in a decrease of debts but in a decrease of

interests on deposits and, thus, the encouragement for investments has remained a fantasy. Every single analysis by an expert reveals that the black hole, in which even the biggest savings disappear without becoming part of investments that lay the foundation for the future, is nothing but the state budget deficit. GKI analysts state that the deficit, which will amount to 8 percent of GDP in 1992, "will have the effect of a whirlpool." "It will actually suck up the free monies in the economy, will slow down the desired trend of decreasing interest rates, and will increasingly make a breakout through any kind of modernization impossible." For what is encouraging to the administration—which is speculating on the short term, namely, that the deficit can be financed with internal resources and without an increase in the country's foreign debts—is

catastrophic for the economic participants who are making long-term plans. If, in the banking system (which is the capital market's switchyard), all savings are regrouped for the state's benefit (which can easily pay high interests on loans because it does not produce its own revenues but rather takes it from others in the form of taxes), then, logically, only scarce and expensive resources remain for financing the business sphere. The researchers point out that the state budget deficit, which is sucking away all the air from private initiatives and is putting a burden on almost 70 percent of GDP, originates not from the expenses of a conscious and well-thought-out economic restructuring, but rather from the artificial sustenance of revenue distribution by the state, which was inherited from socialism and which is costing more and more and is becoming less and less efficient.

Prognoses for 1992 and 1993 (previous year = 100)

	GKI	Kopint	BB <sup>1</sup>	PM
<b>1992</b>				
Gross Domestic Product	95	95	91 - 93	95
Industrial Production	90	90	85 - 90	87 - 90
Agricultural Production	85	80	82 - 90	84 - 86
Private Consumption	95	98	90 - 92	96
Investments	95	95	95	95 - 100
Exports	102	106	107 - 108	105 - 107
Imports	97	94	92 - 94	94 - 96
Consumer Price Indices	122 - 123	120 - 121	122 - 123	122 - 23
Foreign Trade Balance (in USD)	- 500	- 500	300 - 500	- 100 - + 100
Current Balance of Payments (in USD)	+ 500	+ 800	+ 300 - 500	+ 800
Number of Unemployed at Year's End (x1,000)	700 - 750	700	750 - 800	700
Budget Deficit (billion of forints)	210	200	200	198
<b>1993</b>				
Gross Domestic Product	100	100	94 - 96	100 - 103
Industrial Production	100	100	94 - 95	100 - 103
Agricultural Production	98	90	80 - 85	99
Private Consumption	101	102 - 103	94 - 95	100
Investments	105	102 - 104	97 - 98	102 - 106
Exports	100	101 - 102	103 - 105	105 - 107
Imports	107	100	95 - 96	106 - 108
Consumer Price Indices	118 - 120	118 - 121	123 - 125	116 - 119
Foreign Trade Balance (in USD)	- 1,200	- 800 - - 1,000	+ 800 - 1,000	- 200 - 0
Current Balance of Payments (in USD)	- 500	- 100 - - 200	+ 400 - 600	- 100 - + 100
Number of Unemployed at Year's End (x 1,000)	900 - 1,000	1,000	1,100 - 1,200	900
Budget Deficit (billions of forints)	230 - 250	250	220 - 250	185

<sup>1</sup>BB's prognosis was prepared in two versions, A and B. Version B includes the indices that are expected in case the state will artificially boost economic growth. The present table is based on version A.

However, as it is illustrated by the writers with numerous data, none of the national economic branches could hope for rapidly solving their structural crisis and thereby imminently fattening the state tax revenues. "Industry

has hit rock bottom and that is where it is progressing horizontally," says the Kopint report, on the basis of data on company orders. Experts say that it is a sad phenomenon in Hungary's economy that the private

sector, which became more and more "legal" during the past years, in fleeing from the unbearable tax burdens, has rapidly begun to withdraw again into the shadow economy. Even though this is the only sphere in the Hungarian economy in which researchers assume an extensive expansion, estimating that semilegal and illegal economy may already constitute as much as one-third of GDP.

Sidetracked government policy is also apparent in another projection: While the state is forced to incur more and more unemployment-related expenditures, the financial basis of these expenditures is steadily decreasing because employers have an interest in illegal employment. But no prospect for easing unemployment is in sight. Indeed, since the researchers' data show that productivity has decreased in all industrial branches despite the layoffs during the past two years (i.e., production is decreasing more rapidly than employment), the increase in market economy constraints is expected to lead to further layoffs even if no further markets are lost.

Budapest Bank's economists predict that it will be in 1993 that the agrarian sector will be hit by the full intensity of the crisis of ownership, organization, structure, and finances, which in industry have led to a radical recession during the past years. Scientific researchers, who are somewhat less pessimistic, consider this year's 15-percent plunge as the bottom, but predict the continuation of slowdown even for next year. The reasons given in the Kopint study are as follows: "The liberalization of wholesale business, the discontinuation of subsidies, financial restrictions, privatization, and the new relationship between employers and employees based on contracts, together proved to be more rapid and more destructive in the agrarian sector than in other sectors, because the large agricultural enterprises and the monopolistic buying and processing organizations lived in a stricter environment of planned economy than the other participants of the economy."

The assessment of foreign trade in 1992-93 is probably the most striking difference between government and independent opinions. The administration thinks that the 5- to 7-percent increase in exports and a zero-balance foreign trade that were planned for this year can be attained, and expects the same increase in exports for next year as well. According to government estimates, imports will further increase a little next year but, in the end, both the foreign trade balance and the current balance of payments will essentially remain in equilibrium. The government analysis does not say much about the trend in imports, although Kopint's experts claim that this is precisely where "the dog is buried": The only reason why the foreign trade balance, as planned by the administration, can be attained this year is that imports are being significantly reduced while the increase in exports is slower. Internal recession has already reached imports, too, and if this continues, it may break the momentum of exporting, it is said by Kopint, with the emphasis that "In Hungary, exports are not merely an

area of economic activity but are the motor of the economy as a whole." GKI also sees the export offensive definitely losing steam, and reckons with dramatically increased imports next year, originating from the stabilization of domestic demand, and resulting in a huge deficit in foreign trade balance. (On the other hand, BB foresees a decrease in exports as well as further decreasing imports, because its assessment of the trend in domestic demand is the most pessimistic of all.)

It is striking that all three groups of economists call attention to a strange phenomenon, namely, that in their struggle for survival, Hungarian companies are driven to foreign markets to the point of living off their assets to offset their increasingly expensive and decreasingly profitable exports. In Kopint's pointed "own opinion," MNB's [Hungarian National Bank] exchange rate policy of real revaluation is to be blamed for this self-destructive company attitude, and Kopint warns that the exchange rate can be made the principal vehicle of the administration's anti-inflationary policy (which is considered one of its few successful economic policies) only through great real-term economic sacrifice. However, its proposal for a gradual devaluation of the forint will fall mostly on dead ears because the 1993 government program declares that "there is no need to make any significant changes in the exchange rate."

It is understandable on the basis of all this that the experts generally expect the administration to repeat its failure of this year by overestimating its revenues on the expectation of higher domestic demand, steadily increasing exports, and an unrealistically dynamic increase in production and, at the same time, by making its expenditures appear smaller than they actually are. The government program itself also mentions that only the big distribution systems (the financing of retirement, health, and education) will be started next year and, with the elections approaching, the chances of implementing a strict financial policy will probably diminish. Of course, in case the economy takes longer than hoped for to recover in real terms, the estimates of tax revenues may again prove to be unrealistic, and the interest margin, which would increase as a combined consequence of decreasing inflation and the financial rehabilitation of the banking system, would undermine precisely those private and corporate savings which for years have been used to underpin the overspending state. In this case the Antall administration would, during the year of the second free elections, probably continue where its predecessor left off in 1990, namely, at increasing Hungary's debts.

#### Photo Caption

1. p. 107: Either the government will switch gears or it will be switched.

**'Environmental Scandal' of Waste Imports**  
*93CH0095A Budapest TALLOZO in Hungarian*  
*5 Nov 92 pp 2144-2145*

[Article by Zsuzsa Maroti: "Waste Scandals"—reprinted from UZLET, 29 October 1992]

*[Text] A series of affairs connected to the importing of waste, labeled an environmental scandal, is causing an upheaval in northern Transdanubia. In the beginning, the people of Nagycenk thought that the recycling of waste might even create some jobs; conversely, the Austrian entrepreneur, in essence, considered the town's environs as a waste-dumping site. In Györ, hospital waste was found amid the plastics imported from Germany for the purpose of recycling.*

The Nagycenk affair was publicized recently. What happened was that more than 200 metric tons of baled plastic waste was brought in from Austria to this town in the vicinity of Sopron, without a permit from the Northern Transdanubian Inspectorate of Environmental Protection. Sopron's Intertransbau Ltd. contracted Intex Ltd., also of Sopron, to bring in the waste. The reason why this transaction could not be handled by Intertransbau was that it did not have the license to engage in foreign trade.

**Greenpeace Filed a Complaint**

The waste was imported with the understanding that Intertransbau would build a recycling facility in Nagycenk. The decree in question—which, in essence, prohibits the importing of waste—allows importing if the waste material will be recycled. Actually, this is a legal loophole not only for the exporting countries, which want to get rid of waste materials, but also for the entrepreneurs who look at waste as an opportunity to make a profit.

Well, the building permit was issued by the local authorities, who were even pleased at the prospect of new jobs that the recycling facility would provide for the town's citizens. But the machinery just would not arrive. Intertransbau was obviously not in a hurry to proceed with this investment project, and—this is the piquancy of the affair—Intertransbau's owner is the same Othmar Wallner, entrepreneur, who exported the plastic from Austria to Hungary. The transaction's lack of clarity is indicated by the fact that Burgenland authorities intervened after a certain amount of time and halted shipment. And the international organization Greenpeace filed a complaint against Mr. Wallner's company.

**There Is No Chance of Returning It**

The dealings were not altogether illegal, for Intex Ltd., the contractor, was issued a permit by the Ministry of International Economic Relations [NGKM] to import 2,000 tons of material. The only problem is that although it does have NGKM's permit, it still needs the approval

of the environmental protection and health authorities, as specified in the decree that has been in force for five years.

In connection with the complications that originated from NGKM's permits, Deputy State Secretary of Environmental Protection Attila Kemeny said that, at the time they apply for a permit, some importers probably do not always reveal the exact kind of the material to be imported, and that the truth is usually discovered only when the "cat in the bag" has already arrived. Also, Kemeny did not hide the fact that the type of cooperation between the two ministries, by which the possibility of issuing wrong permits could be eliminated, has not yet been worked out.

Incidentally, the Northern Transdanubian Inspectorate of Environmental Protection thinks that the waste deposited at Nagycenk does not pose a direct threat to the environment. At the same time, it is obvious that it cannot remain there indefinitely. The experts see little chance that it can be shipped back, for that would require a statement of acceptance. The best thing would be to recycle it, to the extent that it can be, said Margit Hornyak, the inspectorate's deputy director.

**Hypodermic Needles Amid the Waste**

The special authorities of environmental protection imposed fines in both the Nagycenk affair and the Györ affair, which elicited public outrage. Neoplastik Small Cooperative, the latter's key participant, thought that Györ's house factory would be just perfect for recycling plastic waste imported from Bavaria.

Houston Recycling Hungaria Ltd., which was formed for this purpose, did begin manufacturing flower containers (albeit without a permit) and found plastic hypodermic needles amid the waste. The affair elicited great upheaval, with well-informed people frightening others that the plastic syringes might spread AIDS infection.

Experts say that this claim is unfounded, for they are not hypodermic needles. However, according to Hungarian law, all waste originating from hospitals is considered hazardous even if it does not contain hypodermic needles. Following the investigation of the affair, the Inspectorate ordered the plant to recycle the waste and to find a safe place for storing and neutralizing all hazardous material found in it.

With regard to the fines, environmental protection officials think that they may not be levied, for it is highly questionable whether the claims amounting to tens of millions of forints can be collected from the financially unstable companies. Namely, it is specified in the decree that the fine for importing waste material without a permit is 100,000 forints per ton.

**Walesa Comments on Political Scene, Colleagues**

*93EP0071A Poznan WPROST in Polish  
No 44, 1 Nov 92 pp 28-30*

[Article by Boleslaw Mazur: "A Hundred Shovels: The World According to Lech Walesa"]

[Text] "I am watchman, defender, and guide. People, my people, times are tough."

And how. Even their friends from the time of common struggle have failed them. Instead of reform, they have brought disorder—"now I will put things in order, a war at the top," and "after my victory, there will be a great breath of fresh air in Warsaw." There should be an acceleration, "remove all the blockades. The slow picking and poking of the elites is not enough." And things will be better, if "I undermine the armchairs of Mazowiecki, Geremek, and Michnik, but not in order to throw them out. I will only shoot them a couple of times in the rear, not with poison, in order to spur them to action." On the other hand, you members of parliament, you must understand that, "although you prepared I-know-not-what, one outburst by the miners and the farmers will sweep your papers into the trash." If the "thick line" is not cut by an "axe," and the country lacks a "Flying Dutchman," Poland will be in danger.

His new friends share these opinions. Where are the new friends? "My friends are in the Center Accord (PC)." They are also at the numerous demonstrations, during which they give their approval to such assurances as "I am a Pole 100 percent," or "I have Polish papers from my great-great-grandparents." Obviously, the so-called elite took umbrage at the examination of heritages; thus, "I do not know whether I ought to put these Wajda's, these Szczypiorski's, over my knee and give them five licks."

And who is responsible for its being necessary to face Stanislaw Tyminski in the second round of the presidential election? Fortunately, "I was able to accelerate the election. If we had waited another six months, Tyminski's chances would have increased. Tyminski is rather a symbol. It could have been, for example, some shipyard worker or miner."

The time for breaking up the monopoly passed; a time for renewed unity came. And, if Mazowiecki had come and said: "Lech, I was wrong, forgive me," then "I would surely have forgiven him." He is not coming? To bad because "those were political maneuvers, and even Walesa was used to playing the anti-Semitic theme." "Knowing the patriotism of Tadeusz Mazowiecki, I cannot imagine him missing from the work for the country." It is also clear that "Adam is my friend, and Bronislaw (Geremek) is my friend." And the friends from the Center Accord?

"I based myself on those who wanted to work with me, but I was not following a party—just personalities, individuals."

Unfortunately, those who wanted to work with him were following a party, and they were angry that, instead of a "breakthrough," "Balcerowicz" was still around six months later. Obviously, the anger of Jaroslaw Kaczynski was wrong because "you caused me to go after my closest friends with an axe! I began a 'war at the top,' and I was wrong! You promised decommunization! You promised acceleration! I told people, and what? I am supposed to hang myself because I did not keep my word?"

Because Kaczynski preferred to play his game, he heard: "The prosecutor will deal with you." And, shortly thereafter, "I sent the Supreme Chamber of Control" to my own chancellery "to tell me quickly what I had to pay attention to." It did not bring great results, but one can always say that "my colleagues and closest friends, but no longer my colleagues, did many inappropriate things. I cannot speak of criminals, and one needs evidence here; thus, I must be careful."

Yes, "I started with fairly interesting slogans—'Acceleration,' 'I don't want to, but I have to'—with promises, and with a program. And today, when I look at all that, I can say: I have learned a little about being president, but, regarding those slogans and their implementation, things are not the best." The politicians who have not matured to great tasks are to blame. If "I pushed too fast a tempo, many ministers would have resigned immediately and run away. And where can I get ministers? By random arrests?" Surely not, and, thus, "I could not push the acceleration because they would have broken their legs," the more because, instead of a formation of a left and a right leg, "today there are 80 legs, and that, unfortunately, is a kind of proper rule." Also, without exaggerating the election slogans, "there never were any promises without something to back them up, and there never will be. The situation in Poland was supposed to develop according to a screen play: promises, followed by disillusionment—only in the unreal predictions of the opponents."

And there is no shortage of them. When it turned out that the "left leg" is ungrateful and does not give full value to the statement "There is a left in Poland, and it must have the ability to work creatively," it was necessary to warn: "There are forces and means that are calling these postcommunist forces to order, only they will pay a higher price. I warn you." Jan Olszewski proved similarly ungrateful and suspected that the president did not like him because "if all my moves are judged in shallow terms, they can suggest that I have objections to the prime minister." But I only "apparently hampered him, and really fought for his strength and greatness." Meanwhile, Prime Minister Olszewski rejected the thought that "fighting, confrontation, and stunts by a clever fellow" will not improve the situation in Poland. Surely that is why he protected Jan Parys, the head of the Ministry of National Defense. "Ask the minister if a soldier or a general can come to see me, and that is already a summit. There are too many of those summits, and we cannot summit."

The fight for the strength and greatness of Olszewski proved to be a mistake. For example, "In the case of the minister of defense, we arrived at an agreement with the prime minister, but we did not reach our goal." Finally something really bad happened: "Even if I were an agent, it was necessary to come quietly: You, pig, come, look, resign, don't make a stink, don't admit it because we will shut your mouth." Besides, I think lighters are needed in Poland."

How can one lead? Even the West has disappointed us. "It is jealously guarding access to its markets. The Polish market is open; we are importing many Western products. Is that fair? Is that the view of Europe we want?" Doesn't the West understand that the "Baltic states are watching us day and night?" But, in the end, "the West has been trading for decades. It traded during the war and after the war. Obviously, that is a model, a great system. And, thus, it is necessary to simply understand it, and, in those conditions, to meet the challenges" by proposing, for example, "a second EC" or "a second NATO."

The journalists are also getting in the way. And so it was necessary during the presidential campaign to calm the voters: "They are developing these newspapers well, and later you will take them away." Obviously, "Criticism of power is essential, and I will create special conditions for its critics" because "I like stubborn people." But if, on television, "some stubborn journalist wants to be a politician, let him be my guest, let him create his own paper." Otherwise, television "will do what it wants. Films, pornography...it brought that because it is profitable. And no one will have influence on that, not even the head of state. Overdemocratization has led to that."

Which must be damned up, in spite of his great apprehension ("The president is not a sucker. There will be no presidential decrees.") And, "if the question of introducing martial law came up in the United States, I can say now that I would be able to do it—I repeat—to save the country. Oh, would that I never have to do it." On the other hand, "You will not find a dictatorship near the president because these are no longer the times for that; the world will not allow it. One cannot be Stalin because things can no longer be hidden." In any case, in Poland "it is impossible to stage a putsch because the army, everything, is from the old epoch." Hardly had he said those words—and he must defend the army from the ardent decommunizers, who want to gut the entire officer corps of the army—than he had to explain that the officers "are not the people of a decade ago, who, as part of the system, helped pacify the plants."

In this situation, one should respect democracy, the "Polish apple of democracy is blossoming beautifully. The problem is—what next? I think there is a chance that the flower can be pollinated in the Sejm commissions." Besides, Prime Minister Hanna Suchocka "is a very talented woman and, in conjunction with that, our waves will coincide."

And if not? Workers! "If in six months the government's work produces no results, I will go forth together with you, and we will conquer a majority in the future parliament!" Until that time, "I am with the masses, but I am also with the government because it is necessary to govern. Or, I am for and even against." And you workers who understand this dialectic, "Fight for what is yours, but do not destroy the organism on which you prey. You have to be proper bacteria. They never destroy the thing on which they live."

Unfortunately, there are improper bacteria that do not understand that "no one has a right to a double stomach." And who has not been frightened by statements that "I will check everywhere, and I will expose all improprieties? I will do it. Let everyone share our Polish poverty equally." Thus, it is necessary to act decisively because things are bad for the people, my people. "Half of Poland belongs to the mafia." How is it that the Supreme Chamber of Control calculated the losses of the state treasury to be 2 trillion zlotys in the alcohol affair, and the guilty parties are still free? "I will answer. I sent the first audit to the Supreme Chamber of Control immediately after I returned from the Vatican." Mr. Minister of Justice, more sharply, forcefully, because my axe, which brought me here, is already blunt in spite of my sharpening it. "I have gathered packages for the criminals because I wanted to show pity on them. But I cannot take anything to anyone." Besides, "I am amazed. Where are the Polish patriots? Why haven't they brought the *hochstapler* [swindler], the fraud, the one in Israel to Poland? Am I to do it?" That is not enough. The car gangs are playing on the president's nose. I hear that today they up and stole the car of a member of the Personal Security Unit. They are worming their way in. Soon they will take my wife." Listen, countrymen, "Today I demand decrees to settle accounts; only your people will not give me that. They will not give power to the government. I want to settle with this bandit who encouraged murder."

Do you now understand that, "for the good of Poland, I am even capable of accepting President Walesa?" Who will say: "Let us reduce everything we buy by 50 percent, or even by 100 percent. Let us produce more." Or, "Let us give 100 million" or "500 million" or even "1 billion." And Poles will have a chance "to buy these Polish places"—for example, their apartments. Is that a bad idea? "They could sell those apartments two days later and buy themselves others." Even more: "I will sell all of the parcels of land in Warsaw, Gdansk, and the other cities, and all the beautiful lakes and surroundings. People will create large vacation centers and swimming facilities, and, later, investors will come." "We have great doubts. Take, for example, two businesses: One has 100 employees and one shovel, and the other has 100 shovels and one employee. Now we need a division of resources and labor that makes it possible to work effectively." Mr. Director of the River Shipyard in Plock, don't stop. For now "It will not be better. It will take time. Seek repairs of horse carts and other things."

And you workers at the automobile factory, "You must constantly think how to make money. Pressure you bosses, have them let you repair hoes and rakes, or anything else."

And don't be afraid. The president will not become a wise-acre. Let us tell ourselves openly that "graceful I am not, to be sure. Handsome I am also not. But, again, I have good intentions. And I do not want to be God. The priest who watches me 24 hours a day will not let me be God," especially because "I am a devout Catholic. Not one from the Middle Ages but one from the 21st century. I want computers to seek God...that do not make mistakes in dollar accounts and are more honest." Thanks to them it is easier to solve moral dilemmas: "There should be a referendum on every subject. But on the subject of conscience? I have not yet considered the subject." Considering is not everything; thus, "I frequently discuss with smiths or carpenters the subject of the medical view of abortion."

"I am watchman, defender, and guide," but "I have never been a baron. The famous families were built over generations. We, including me, have been half-baked, half-educated." People, my people, "I know I am not an example of proper diction and speech. An example of the sense of words probably. But you have the president you deserve."

### **Cooperation With West on Combat Aircraft Favored**

*93EP0061A Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 21 Oct 92 p III*

[Article by Jan Baraniecki, chief engineer of the Air Force and Air Defense: "Necessary Purchases and Our Own Production; Can the Aviation Industry Be Reformed?" ]

*[Text] Much has been said and written recently about aviation technology, especially in the context of the problems of our aviation industry complex. Attempts are being made to improve not only the industry but also airline and even defense structure. Among the public, a distorted picture of aviation and the army is developing.*

### **A Trap**

For an understanding of the trap in which the aviation industry found itself in Poland, it is necessary to present the existing conditions and the policy in force thus far in this industry. After the war, in the 1950's, the Polish aviation industry, with its commendable traditions recognized the world over, rapidly demonstrated its possibilities, despite an enormous decline in potential.

The cold war and the Korean conflict forced the USSR to set in motion Mig production in Poland. Prewar traditions of the entire industry unequivocally taught us that every license must imply development of the industry in a specific area.

Actually, when the Soviet corset was loosened, after 1956, the thinking of Polish aviation manufacturing produced several significant positions. The brightest star was the TS-11 Iskra training plane, which, for a decade, was superior to all planes in the Warsaw Pact sphere in its operational usefulness. When the Korean conflict ended and military production became strictly limited, the expanded aviation plants produced motorized bicycles, motors, cars, refrigerators, transport carriages, and many other by-products.

Up to 1979, the Air Force uncritically supported the condition of the aviation industry because, as of 1949, the USSR not only monopolistically established the quality of military aviation, but also affected specialization within the CEMA framework. In practice, Poland was assigned the production of the An-2 and the Mi-2, which, with the import of avionics, motor units, and materials from the USSR, was not always in the best interests of the country. But all of this made it possible to expand the base of the aviation industry to gigantic proportions comparable in numbers of employees and area used to similar power of Great Britain, France, or even the United States.

Despite the very favorable attitude of the army, the aviation industry disregarded the opinions of the former Air Command. We have documents and can unequivocally state that the army was against initiating production of the An-28 plane. We expressed similar critical opinions about the W-3 helicopter because the Polish Air Force needed a military helicopter or a multiuse helicopter significantly different from the Mi-2.

The aviation industry, released at the beginning of the 1970's from the supervision of actual military departments (after the rise of the Aviation Technology Management and the Department of the Main Technical Inspector), began the race to nowhere, supervised by the party. Almost the entire production was sent to the USSR, disregarding critical comments of people in Polish aviation pertaining specifically to the quality and level of the technology. "Older brother" accepted "anything that flies," the more so because prices were not the only thing he dictated. We saw an identical approach of the aviation industry in the matter of the fighter plane.

The Iryda plane was born in the same way; after 20 years of production, it does not meet the conditions set by the army in 1972 but must serve for flight training of students in the most difficult profession, that of military pilot. If, according to the plan, it had become part of the military equipment at the beginning of the 1980's, it would have been assigned to at least two regiments, each with 40 units. After 10 years of delay, the Air Force had to put it some place, but with cautions as to a need for urgent modernization and adaptation to present needs. Expressing opinions that the army is using sabotage because now it wants to buy only Western planes as it formerly wanted eastern planes is the same kind of absurdity as voicing the opinion that purchasing the

outdated output of our aviation industry under conditions of the army starvation budget is sabotage.

### We Have Trumps

It is a truism that a poor man must not be staked to buy trash, but every military man and every sensible Pole know that a country with such potential in such an unfavorable geopolitical position must produce basic armament. A military plane should be produced in the country. We have all of the basic trumps except for a surplus of money.

At this point, the question arises: What is the situation? The army wants production of a Polish plane, and the aviation industry does, too, but all of the signs in heaven and on earth speak an entirely different truth, a bitter truth: that the Polish aviation industry is hitting bottom, that a Polish military plane is becoming more remote instead of getting closer. That is actually so. Simply, the management of some factories (for example, the Transportation Equipment Plant-Rzeszow) and the structure of the whole aviation industry is almost incapable of being reformed. A minor exception may be the Transportation Equipment Plant-Okecie. Those making decisions in that factory were the quickest to understand what a market economy is. Because of that, the excellent construction of the Orlik plane has finally, after years, "begun to bloom." In this case, the Air Command during the 1980's "fought" for a long time for its own motor. The possibility of lot production of the Orlik was significantly delayed only by the erroneous acceptance of a power unit based more on political than on technical considerations.

### A Program of Inefficiency

Persistence in dividing the aviation industry into a Research and Development Center and actual production plants and cooperation with the Aviation Institute in the same territorial, material, and financial area is not rational. Owing to this division, 20 years and 4 billion zlotys [Z] were required for the 1970's production. For this sum, the Americans, together with the Germans (Rockwell-MBB), were able to launch the X-31 in seven years; this plane will be revolutionary among fighter planes through the 1990's. As a matter of fact, the Iryda could serve as an exemplary program of inefficiency. At the middle stages, people in institutes, research centers and production plants, management, and the Ministry of National Defense staff made decisions on the shape of the developing plane; in the final stage, the user was forced to accept the results.

The manufacturers claimed that the plane fulfills almost 90 percent of the technical conditions specified by the Air Command. Only they forgot that those conditions were set 20 years ago. The commander of Air Command for Air Defense had to say the last sacramental word, yes or no. "No" means that the industry has to start from zero with more than Z4 billion "gone with the wind."

"Yes" means returning to the 1970's. The response, "Yes, if..." resulted in the present impasse. But could it have been otherwise?

For two years now, the aviation industry has done nothing to improve the Iryda. All the propaganda is aimed at forcing the army to buy this asthenic product. Why does no transportation equipment plant buy a license for a plane motor or enter into advantageous cooperation with a reputable Western company, despite many offers? For me, there is only one explanation: fear of responsibility for the enormity of the work, fear of normalcy. In fact, a product is being manufactured without responsibility for its quality, without responsibility for punctuality. All of this would have to be changed on contact with Western technology.

The decisionmakers from Rzeszow together with the Aviation Institute are promoting the K-15 motor, a motor that does not yet exist despite the fact that this subject has been grappled with from the time they believed the Iryda would fly. The K-15 motor is a product similar to the Viper placed in a museum by the Rolls-Royce company 10 years ago.

In Poland as nowhere else in the world, not even in the former Warsaw Pact countries, is the aviation industry more uninterested in nondeceptive analyses of its own products. On the other hand, analyses conducted by the army have no influence on the development of this product. The manufacturer does not need them. Forced to study them when there is a major accident or catastrophe, he tries with all methods available to reject all responsibility for deceptiveness in producing the unit or to shift his responsibility to the user. This cursed circle of impossibility must finally be broken. The self-destruction of the Polish-built plane is an irretrievable loss not only to the defense of the country, but also to national development. Only a lack of imagination can explain the actions of our decisionmakers in the aviation industry.

### We Need Our Own

Producing a middle-class military Polish plane would not only allow us to become partly independent of the world monopolies that distribute armament, but would also create a real base, with an economic threshold accessible to contiguous and not only contiguous poor countries.

Considering the fact that the aviation industry is still a national industry, it would be necessary to mandatorily reform the unreformable. At present, various groups lobby deputies and senators, persuading them to their positions in an attempt to win particular interests exclusively. To curtail this decisively, I propose forming a unit of specialists to establish:

1. A genuine program of development for military aviation produced in this country.

2. A program to restructure the aviation industry, depending on the content determined for the first point.

The users—the command of the Air Command for Air Defense—and market mechanisms of the developing reality should superintend realization of a developmental program for military aviation.

Poland is too large and too poor a country not to have its own military plane. The Iryda plane is already flying, and, despite its defects, it would be easier to develop it into a support plane than it would be to reopen the almost Utopian project of the Skorpion plane. This project has a chance of succeeding only with the significant participation of a world-renowned Western aviation plant. Inasmuch as the worldwide recession almost excludes that solution, the project will certainly end in dreams. If some Western company were to begin to cooperate with us on the Skorpion, that should not interfere in any degree with bringing the Iryda to the state of the M-93, which means equipping it with strong, reliable, and economical motors and modern avionics that would allow the training of candidates for piloting future military planes.

The problem of purchasing modern fighter planes has little in common with aviation production in Poland. This is an incontrovertible necessity, and looking to the West is a justifiable view not just from the political point of view. Eastern technology, even the best, is of large overall dimensions, heavy, uneconomical, and unreliable. Purchases in the 1990's of new technology from the former USSR will affect the shape of our aviation for at least 20 years. Do we need this?

#### **Discussion of Privatization Statistics**

*93EP0062A Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 22 Oct 92 p 1*

[Article by Ada Kostrz-Kostecka: "Forced Privatization: Every Fourth Enterprise Has Changed Owners"]

[Text] A climate of suspicion, in which various political parties treat privatization as an element of negotiations, does not favor privatization. That is one of the things that has recently caused a visible slowdown in ownership transformation. The most significant progress was recorded in capital privatization because of the transformation of 119 enterprises included in the general privatization of partnerships of the State Treasury, which is only a prologue to the actual changes because the owner remains the same. The fate of the program of general privatization itself is also not yet settled, and the continuing uncertainty is causing many foreign firms that wanted to participate to consider resigning from it.

This does not mean, however, that nothing is happening on the ownership transformation front. In all, since the beginning of privatization through the end of August 1992, one-quarter (exactly 24.5 percent) of the state enterprises have gone through a form of transformation of ownership. Not a small number.

In its bulletin, the Ministry for Ownership Transformations reports that, among 1,841 enterprises, there were 1,368 enterprises left in liquidation, including 757 that were forced to privatize because of their bad financial situation or were bankrupt, and 611 that were transformed for the purpose of privatization or had previously adopted a plan regarding their futures. During the period, 290 enterprises were transformed into single-person partnerships of the State Treasury, with plans to privatize individually; 183 enterprises transformed into partnerships of the State Treasury were included in the general privatization.

Privatization begun as a result of the poor condition of a firm was a normal phenomenon from the beginning. During the first eight months of 1992, 223 enterprises were placed in bankruptcy, but the rate of increase is lower than in the entire group of liquidated firms. Compared to the end of 1991, the number of cases of this type of privatization increased by 41.8 percent, while those liquidated for privatization increased during the same period by 46.9 percent (195 enterprises). It appears, then, that a majority of the weak firms collapsed quickly, while those enterprises that survived have begun to adapt.

Among the partnerships of the State Treasury during the eight months of 1992, the increase in the number of partnerships earmarked for individual privatization was much slower (18.3 percent) than the number of newly formed partnerships (an increase of 53.1 percent). The number of single-person partnerships of the State Treasury in general privatization increased by 185 percent.

The ownership transformations once begun sometimes last a long time. As a result, by the end of August, among the liquidated enterprises, 415 state enterprises were marked off the register—107 of them because of bankruptcy, 308 because of the law on privatization.

Individual privatization by the capital path has ended for 40 partnerships of the State Treasury.

In the program of fast sales of small and medium-sized enterprises, the parent bodies have announced public invitations to talks concerning sales of 82 enterprises; 32 of them have been sold.

Among the collapsing enterprises, small ones predominate (63.5 percent of all small enterprises included in ownership transformation). Large enterprises have primarily been transformed into partnerships of the State Treasury (they constitute 81.2 percent of the total partnerships).

The general rule of regional variation of ownership transformations has not changed. Still, in the highly industrialized voivodships, there are relatively more cases of capital privatization or liquidation for purposes of privatization. In the weakly industrialized voivodships, in terms of the total number of enterprises, there were relatively more cases of bankruptcy.

In relation to the total number of enterprises, the percentage privatized using various methods is higher in these voivodships: Chelm 41.9 percent; Gorzow 34.5 percent; Zielona Gora 34.1 percent; Przemysl 32.9 percent; Ciechanow 32.8 percent; Nowy Sacz 32.7 percent; Lodz 32.3 percent. The fewest enterprises have been transformed in the Elblag Voivodship (12 percent) and the Legnica Voivodship (15 percent).

**NIK Critical of State Enterprise Transformation**  
*93EP0062B Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 22 Oct 92 p III*

[Article by Antoni Kowalik: "The State Treasury Short-changed: Supreme Chamber of Control, NIK, on the Transformations of State Enterprises"]

[Excerpts] The Supreme Chamber of Control presented a report on the results of an audit of the transformation of state enterprises into single-person partnerships of the State Treasury and on the availability of the stock of these partnerships. The audit conducted in 67 partnerships, as it emphasizes, supplements the information presented by the Supreme Chamber of Control in August 1992 on the results of the audit of the implementation of the legal demands of the Ministry of Ownership Transformation. It also concerns the fragment of the August report that said the ownership transformations in the economy were being implemented at an unprecedented scale, although there is a shortage of knowledge and international standards capable of being transferred to Polish conditions. The last report also emphasized the need to include in a general evaluation of the transformations such things as the deep recession in industry, the barriers to sales of goods, an excess supply of labor, the unregulated ownership relations at a large number of state enterprises, and their high debt levels.

**Great Optimism, Little Income**

The results of the audit of the partnerships (given the short period of their operation) indicates that the plans to accelerate the privatization of state enterprises were too optimistic. Among other things, the planned budget income was not achieved. The improprieties in the conduct of privatization disclosed were caused in many cases by subjective factors, it emphasizes, and were in part the price of the education of the participants in the process.

The report shows that transforming state enterprises into single-person partnerships of the State Treasury and then privatizing them were accompanied by:

- Violations of the current law, especially the law on privatization, the commercial code, and the tax rules.
- Actions by managements and supervisory bodies showing that they were not always able to perform their role as representatives of the interests of the State Treasury, especially their managerial tasks.
- Preprivatization analyses at the cost of the partnerships done by consulting firms at the request of the Ministry of Ownership Transformations without the participation of partnerships' managements.

**Results Decline**

A comparative analysis conducted by the Central Office of Statistics and also the results of audit studies done by the Supreme Chamber of Control show that the economic and financial condition of the single-person partnerships of the State Treasury did not differ significantly from the results of the operations of state enterprises. Among the 67 firms audited, more than three-quarters showed worse economic results when compared to the period prior to commercialization; the last quarter of the partnerships showed a negative financial result.

In addition to the objective reasons for this situation, such as payment bottlenecks, high-interest loans, and so forth, the report emphasizes that the causes should be sought in the faulty operations of the supervisory councils and managements of the partnerships. The supervision of these bodies was also insufficient in terms of general meetings. The Ministry of Ownership Transformations has not developed rules for the operation of supervisory councils or the criteria for evaluating their operations. Supervisory councils have taken up economic problems at their meetings to only a slight degree. In most cases, their resolutions have dealt with the organization of the partnerships and the remuneration of their members.

The councils of some partnerships did not engage the general meetings in solving the problems of their firms, even when it was necessary. In some cases, even though motions aimed at improving the economic condition of the partnerships had been made, the general meeting did not vote on a resolution or take appropriate action. The report gives examples of resolutions proposed by representatives of the minister of ownership transformations and adopted at general meetings that conflicted with the law or exceeded the authority of the minister, or of decisions "arousing doubts regarding their substantive justification."

In privatization, as the report emphasizes, the date of the performance of the economic analysis and how up-to-date it is takes on exceptional significance. That fact should encourage the preparation of such analyses and evaluations of assets as soon before the sales of part ownerships and stock as possible. Meanwhile, as the audit showed, in 14 of the 23 cases in which the Ministry of Ownership Transformations ordered analyses and evaluations, they were allowed to become out-of-date. Representatives of the partnerships were not permitted to see the work of the consulting firms, preventing them from evaluating documentation for which they had to pay. Simultaneously, without merit, according to the Supreme Chamber of Control, employees of the Ministry of Ownership Transformations, appealing to the need for

commercial secrecy, did not make available to the managements of the partnerships the work containing an evaluation of the assets in a majority of cases. [passage omitted]

### Too Much Incoherence

The findings of the Supreme Chamber of Control show that there is no system effectively protecting the interests of the State Treasury during the period of economic transformations and the ownership transformations accompanying it. The function of ownership supervision is excessively dispersed, and the lack of a law on the State Treasury is causing difficulties in cooperation between the bodies of the state administration. These difficulties apply, in particular, as the report emphasizes, to cooperation between the minister of finance and the minister of ownership transformations. Also, firms in weak financial condition, without large capital resources of their own, have purchased packages of stock of privatized single-person partnerships of the State Treasury.

The conclusions of the Supreme Chamber of Control emphasize, among other things, the need to ensure the coherence of the legal provisions adopted in the law on privatization and the commercial code and the coherence among other laws and executive acts. Further, in the opinion of the Supreme Chamber of Control, the following require regulation: the question of the proportion of ownership of capital of the enterprises transformed; their asset problems; the criteria for evaluating the operation of their supervisory councils; and the issues of remuneration for their members, which should be tied to economic performance of the partnerships. It is also necessary to increase the responsibility of the minister of ownership transformations for the selection of active investors, allowing them to purchase a package of stock through an auction only for those firms that have a set level of their own capital and have given guarantees for the further development of the partnerships. The report also draws attention to the need for absolute observance of the provisions of Polish law in concluding transactions with foreign partners.

### NIK Questions Need To Revise Budget

*93EP0062C Warsaw RZECZPOSPOLITA  
(ECONOMY AND MARKET supplement) in Polish  
24-25 Oct 92 p II*

[Article by K.J.: "Extra Lessons in Economics: The Ministry of Finance on Accusations by the Supreme Chamber of Control, NIK"]

[Text] A motion to change the budget law is not justified. That is the opinion of the Supreme Chamber of Control. In the opinion of the Supreme Chamber of Control, there is a need for "expert knowledge of the operation of a market," and "the government is unable to meet that challenge." Representatives of the Ministry of Finance responded to the charges of the Supreme Chamber of

Control on Friday, during a session of the Sejm Commission for Economic Policy, Budget, and Finance.

To reduce expenditures, it is not necessary, in the opinion of the Supreme Chamber of Control, to change the budget law. On the other hand, the motion to increase the deficit, made when the makeup of the government was revised, is unjustified, according to the Supreme Chamber of Control. The Supreme Chamber of Control wonders why, suddenly, in the course of one quarter, 51.9 percent of the annual deficit is to be generated.

"It is impossible to reduce expenditures by 3.8 percent without changing the deficit," responded Wojciech Misiag, deputy minister of finance. "Without the agreement to an increase in the deficit, expenditures must be reduced by 7 percent."

In the opinion of the Supreme Chamber of Control, it is not known why the government is reducing its predictions for the fourth quarter of this year. The government is forecasting that income in the fourth quarter will be 27.4 trillion zlotys [Z], or not quite 9 percent higher than in the third quarter. "In 1991, the income in the fourth quarter was 27.4 higher than in the third quarter," the Supreme Chamber of Control notes.

Jerzy Osiatynski, minister of finance, explains that the comparison is inappropriate: In 1992, the dividend is completely different (10 percent instead of 22 percent); the rate of the tax on excessive wage increases is different (a double relief this year). In the opinion of the Ministry of Finance, one can expect that income in November and December will be, as every year, higher than the monthly average. Even if one adopts the most optimistic forecasts, assuming additional income of Z10 trillion, there still is a Z10 trillion shortfall to the figures of the Supreme Chamber of Control.

Jerzy Osiatynski, minister of finance, also explained why the government has decided to propose cuts that he presented during his self-correction of the amendments: The proposed reduction concerns the reserves, which probably would not be used by the end of the year. In the opinion of the Ministry of Finance, this proposal is much less burdensome than the actual expenditures.

"Then why didn't the government make this proposal to begin with? Why did it first put forward a proposal of drastic changes in the valuations of retirements and pensions in December?" asked Deputy Wieslawa Ziolkowska.

"The Sejm's rejection of the proposal to change the retirement law means that, in the next year, until there is another revaluation, retirements and pensions will be paid according to the old principles. That means the costs are higher," responded W. Misiag, deputy minister.

[Box, p II]

Through 22 October 1992, the state budget had received Z232 trillion. At the end of October, income was estimated at Z243-244 trillion. In October, Z27 trillion should come in; in November, Z30.2 trillion; and, in December, Z34.3 trillion (or about 26-27 percent more than the monthly average).

Some other estimates of the Ministry of Finance for the end of 1992:

- The nominal gross domestic product [GDP] (in 1991 prices) will be Z1.15 quadrillion (so far Z824.4 trillion).
- The index of prices for consumer goods and services will be 147 percent for December 1992, compared to December 1991, and the annual average will be 146 percent.
- The index of price increases for material expenses in the budget sphere will be 146.3 percent.
- The deflator for the national income will be 142.3 percent.
- The budget deficit will constitute 7.5 percent of the GDP.
- The income of the state budget (Z306.6 trillion) will be 26.5 percent of the GDP (in 1991, it was 25.7 percent).

**Private Sector More Efficient Than State Sector**

93EP0061A Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 19 Oct 92 p II

[Article by Anna Wielopolska: "The Private Sector: There Are Results, Capital Is Lacking"]

[Text] The private sector is the subject of increasingly severe criticism. It is accused of hiding profits, exploiting tax privileges, and being responsible for the budget crisis. Not only the personnel of declining state enterprises, but even government representatives speak of the need for a more equitable distribution of the crisis burden. Politicians to the left of the government protest vehemently against privatization, questioning its economic sense.

Data on financial results of enterprises, recently published by the Central Office of Statistics [GUS] (in the Tuesday issue of RZECZPOSPOLITA), seems at first glance to support these protests. But, if one looks more closely at the data, one can reach a quite opposite conclusion.

First, we must remember that what GUS calls the private sector contains a sizable part of what was formerly the collectivized sector, primarily cooperatives. There are cooperatives of farmers, survivors of "Spolem" and residential cooperatives. Unfortunately, GUS is publishing data not just for the "real" private sector now.

But even such distorted results of the private sector indicate that it is more efficient than the state sector and is more encumbered than the state sector by obligations to the state. The fact is that no index of profitability will

be a good measure of economic efficiency, nor will the encumbrances specified in our tax law cover all of the obligations to the state. Such amounts as profit or taxes especially should not be linked to the value of what is sold, but, rather, to the value of capital.

It is not great art if one has property and a dominant position in the market to raise prices and drop production, which is what enterprises are commonly doing. (When their monopolistic position begins to threaten import, they force an increase in tariffs or other limits on competition, as was done in the auto and fuel industries.) The art lies in using what fixed and working capital one has in such a way as to obtain from it the highest production, profits for oneself, income for the state, and employment for others.

Data on the value of fixed capital in the public and private sectors was not published by GUS. The value of private capital, however, can be estimated on the basis of costs of amortization (it is estimated that costs of amortization in the first half-year were 2.5 percent of the value of fixed capital) plus working capital less obligations and credits. Also, besides data for the whole economy, it would be worthwhile to compare the data for its specific sections. There are great differences in financial results, and the section structure of the private sector differs basically from that of the public sector.

Receipts and profit from 1,000 zlotys in private capital are presented in Table 1 [not reproduced here]. I am omitting transport (the results for the public sector were artificially lowered by the Polish State Railroads), communications (practically a 100-percent state monopoly), and agriculture and municipal management (cooperatives were dominant in the private sector).

Two basic conclusions can be drawn from Table 1. Owing to the significant participation of trade, private capital generates three times as many "receipts" as state capital (although, in trade itself, these differences are not great). But, in industry and construction, "productivity" of capital is also significantly higher—almost twice as high. At the same time, the private sector is obviously pressed to be satisfied with significantly lower profits. This actually pertains only to trade, but, in this area, the difference is truly enormous. In construction, profit in the private sector is two and a half times greater; in industry, the differences are insignificant.

These high "receipts" in the private sector would not be possible if it were not for the fact that it exploits means that are not its own property to a much greater degree than does the public sector. It leases sites, rents machinery, and so forth. But this involves additional costs. Unfortunately, data are lacking on costs of credit for the private and state sectors. It is only possible to guess that, considering the lack of adequate financial guarantees, the banks require significantly higher interest from the private sector. Small private companies cannot take advantage anywhere of a dominant market position as state companies frequently can. This, among

other things, must be considered in explaining the differences in degree of profit in trade. Public trade is significantly more concentrated, is dominant in sales of production equipment, and is most profitable in areas of foreign trade (and, when it is not dominant, concessions are introduced).

In the case of trade, however, we are dealing with somewhat risky behavior on the part of the private sector. In general, to the extent that the public sector is somewhat inactive, the private sector sins through excessive activity, going beyond the limits of justifiable risk: That is the cause of the poor results in private trade. It would also be difficult not to suspect that here we are dealing with a greater resourcefulness in avoiding taxes. Sometimes frauds actually hide behind this; frequently, however, it simply is greater competence on the part of the bookkeepers.

Such balancing on the brink of bankruptcy is advantageous for the remaining participants in economic life. If the private sector manages to develop so rapidly in trade and receives so little in return, that is all the better. If private enterprises manage to exploit capital that brings only losses to the state sector and still pay for exploiting it, that actually indicates that its development is an act of kindness to the economy. As a result, the advantages that the economy has from every zloty invested in the private sector are incomparably greater than investment in the public sector.

The advantages can be illustrated by the relations of the three values to personal capital:

- Payments to the state (turnover tax, tax on profit, dividend, tax on above-the-planned growth in wages, social security, and payments of tax by physical entities deducted from workers' pay).
- Number of jobs.
- Value added (which, with a certain simplification, can be treated as the net profit, payments to the state and wages).

Unfortunately, GUS data on employment are not comparable to financial data. We can only estimate that the index of number of jobs per unit of private capital is five times (!) greater in the private sector than in the public sector. Estimates of the other two indexes for the public and private sectors are presented in Table 2 [not reproduced here].

As is apparent, the private sector decidedly surpasses the public sector in terms of added value, which means that not only does it have greater "receipts," but also that net production is greater than in the public sector. Contrary to general opinion, the private sector is also more burdened by obligations to the state. Both these conclusions pertain even to private trade, which, while taking great risks (at its own cost, not that of the state treasury!), succeeds in very rapid development, in creating new jobs and, despite complaints about tax abuses, pays more to

the state coffers (also in absolute amounts, not only in relation to capital) than public trade, which is richer.

Also, we must consider that the first index describes charges and not amounts actually paid, while tax arrears of the public sector are significantly greater. Moreover, the participation of the private sector in branches that are "tax productive" (for example, alcohol production) is minimal. Neither does the private sector benefit from monopolistic dominance or from protective tariffs.

In the light of these data, the private sector not only pays relatively more, but also reduces disbursements that burden the budget by creating new jobs. None of this changes the fact that these data indicate the very difficult situation of the private sector. This is not the result of its low efficiency, but of the fact that its own capital is very modest. Operating to a significant degree with capital that belongs to others, it is exposed to great risk of bankruptcy. The low profits of the private sector do not augur any early change in this situation. The private sector, therefore, requires support (for example, in the form of credit guarantees) rather than greater burdens.

Let us then battle against tariff and tax infractions, let us introduce value-added tax as quickly as possible, but let us not resolve budget problems and improve the self-esteem of frustrated workers in the unproductive public sector at the cost of the private sector.

In light of the argument presented in Andrzej Bratkowski's article, the private sector has a decided advantage over the public sector with respect to efficiency. The ratio of basic economic values such as profit and encumbrance of gross financial outcome to capital worth gives a more complete picture of productivity and efficiency of the groups of enterprises studied. Supplementing these conclusions, however, are the indexes of costs and profitability as they shape relations between the gross financial outcome attained and the level of encumbering this result with taxes. The studies presented by GUS indicate a disadvantage to the private sector.

The index of level of costs of total operations of the private sector, higher than that of the public sector (ratio 98.8 to 95.2 percent), and the lower index of profitability (0.4 to 4.4 percent) in effect produced relatively greater tax encumbrances of the public sector. Without taking into account that the private sector study does not include agricultural cooperatives and that it is difficult to identify in it a "pure" private sector, most disquieting is the fact that the group identified by GUS as "private property" was given a negative profitability index (minus 0.2 percent). In comparison with the small but positive index such as that in foreign and mixed property (2.2 and 3.1 percent), the minus 0.5 percent that our trade companies were given is difficult to accept as reflecting the actual state of the matter.

**Government Budget Pension Proposals for 1993**

*93EP0061B Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 18 Oct 92 p I*

[Article by K.J.: "1992 Budget Amendment: There Is No Other Way"]

[Text] On Friday (16 October), Jerzy Osiatynski, minister of finance, presenting both documents to the Sejm, stated: "The plan for amending the 1992 budget and the plan to change the laws on pension eligibility are a product of necessity.

"Because limiting the deficit is so important, why are we asking the Sejm to increase it significantly?" asked the minister, and immediately added, "The answer is simple. An attempt to make budget cuts to wholly balance income lost would have even worse consequences. It would threaten the stability of the country."

On the other hand, "if the budget deficit remains, or, what is worse, increases, an ever greater part of income will be spent on paying interest on old debt, and less and less money will be available for investment and future development."

For this reason, the government is attempting to minimize deficit increase. That is the reason for proposing additional actions that would bring in new income and limit expenditures. The government is even proposing this year to:

- Raise rates of turnover tax an average of 3 points, including rates on basic consumer goods, by 2 points.
- Increase income from excise.
- Increase turnover tax on imports, which is proposed in the budget amendment, though the minister did not mention it in his presentation.
- Plan changes in the law on pension eligibility, proposing a reduction, beginning in December, in the base of pension and rent valorization from 100 to 91 percent of average paid during the preceding quarter. The proposal of reduced valorization is not to be applied to the lowest pensions and rents of workers. This will mean that the minimal levels of payments will be maintained. Similar protection will be given to nursing supplements, which all pensioners over age 75 and individuals in group I receive, and supplements for orphans (with both parents dead), combatants' supplements, and supplements for secret training. The same solutions will be introduced into the pension system for professional soldiers and civil servants in certain services.
- Decrease basic farm pensions to a 35-percent level of the base quota of the valorization last adopted.

In making the cuts, the government simultaneously establishes an increase in expenditures: for allocations to the Labor Fund and for expenditures of social security allowances and the allotment of 100 billion zlotys [Z] for labor offices.

The minister also announced changes that are not included in the amendment of this year's budget but are planned for next year.

The government will shortly ask the Sejm to:

- Legally introduce the mandatory designation of excises with treasury stamps.
- Cover all taxable entities and payers with a uniform numerical system, plugging the loopholes in the collection of all taxes due.
- Integrate custom and tax services.
- Introduce mandatory noncash settlement of tax obligations by nonagricultural economic entities.
- Amend regulations on executive procedures in administration.
- Change the principles of responsibility for exemptions from settling tax obligations.

As of next year, the government intends to:

- Introduce a new tax on real estate based on a cadastre system. This tax will increase income of self-governing territories.
- Initiate a reform in the budget area that would include:
  - Standardizing principles of financing sick benefits. (Work on this is going on in Sejm committees.)
  - Increasing efficiency in collecting overdue social security deposits. (A plan on ZUS [Social Security Agency] legislation has already been prepared.)
  - Improving management of medication in hospitals.
- Introduce changes in the pension system, including:
  - The basis for claiming invalidism.
  - Redefining the professions and jobs that entitle retirement before the retirement age specified by law—60 years for women and 65 years for men. (Today the average retirement age is 57.)
  - Increase taxation on average and highest incomes (beginning with monthly incomes higher than Z5,400,000), within the framework of changes in income tax of physical entities.

**Conference in Transylvania on Minority Rights**  
*93BA0197A Bucharest ROMANIAI MAGYAR SZO*  
*in Hungarian 5 Nov 92 pp 1, 4*

[Article by Erzsebet Acs: "International Minority Conference in Marosvasarhely [Tirgu Mures]; Demanding Minority Rights Is Not an Anti-Romanian Act!"]

[Text] At the end of October 1990, the German Heinrich Boll Foundation, together with the Temesvar [Timisoara] Society, organized a three-day conference in Temesvar about the democratic transformation of Romania, and about the pitfalls and shortcomings of this process. At that time, only one of the several discussion groups dealt with the question of minorities. However, it was clear already then in Temesvar that the minority issue is a very difficult problem of the democratization process. Not much progress was achieved in two years in this respect. Moreover, as the situation in Yugoslavia proves, the question of nationality and the adequate solution of the status and legal protection of minorities is a pivotal question not only of Romanian domestic and foreign policy, but also of the process of reorganization in the entire region, and it is far from being resolved in eastern Central Europe.

At that time, the conference started with a miniscandal: The human rights activist Doru Braia, who lived in Germany, was ordered at the border to get off the bus transporting the foreign delegation. Thus, the conference started without him and with a protest against this course of action.

The topic of the Marosvasarhely [Tirgu Mures] conference at the end of last week was as follows: promotion of mutual understanding and cultural cooperation in Romania. Only the second day of the three-day conference started with a protest. Namely, at the end of the first day, thanks to the local TV correspondent Nicolae Baciu, the news presented the conference as an affair where, in spite of the announced noble intentions, the topic was dealt with subjectively and in a one-sided manner, only from the point of view of minorities; anti-Romanian statements were made, and individual speakers spoke about a Romanian nationalism spanning historical epochs. Of course the chronicler familiar with the topic of the conference does not have a difficult task in guessing that the TV correspondent took offense at utterances by Gyorgy Frunda and William Totok, who indeed pointed out certain negative experiences of Romanian citizens living as minorities. On the following day, the organizing Pro Europa League and the Heinrich Boll Foundation sent a protest to the TV news that the editors—as usual—forgot to read on the air.

The Marosvasarhely conference took place in the Academy of Dramatic Art. Mayor Gyozo Nagy and Vice Prefect Ileana Filipescu were present at the opening ceremony, and later they held a reception for the guests. In his opening speech Gyozo Nagy emphasized that the Black March is not characteristic of Marosvasarhely, but

rather the tolerance that was proclaimed several hundreds of years ago in the Castle Chapel, at a time when religious wars were raging throughout Europe. Thus, Marosvasarhely would be a very suitable place for the interethnic cultural center, the creation of which was suggested by one of the discussion groups. The programs of this center could contribute to the intensification of ties and mutual understanding between Romanians and minorities on the one hand, and the minorities among themselves on the other.

The conference was honored by the presence of prominent personalities, such as Marijke van Hameldonk, a delegate from the European Parliament; two writers who were born in Banat and live now in Germany, Helmut Freuendorfer and William Totok, from the Heinrich Boll Foundation; representatives of the International Helsinki Federation's headquarters in Vienna; from Bucharest, representatives of the Social Dialogue Group (GDS); delegates from ministries; representatives from the Swiss, Belgian, Dutch, and Hungarian embassies from Bucharest; board members of the Romanian Helsinki Committee, the LADO; spokespersons of at least 12 national minorities of the 17 living in our country, and many more.

After the plenary lectures, work continued on the second day of the conference in three discussion groups that attempted to exhaust topics such as minorities and the domestic media, legal aspects of the protection of minorities, and the role of cultural ties in the improvement of interethnic relationships. On the third day, the chairpersons of the discussion groups reported the results of the discussions and made concrete recommendations in connection with the above-mentioned topics. In the concluding speeches the foreign guests positively declared that the demand for rights for national minorities cannot be regarded as an anti-Romanian act.

Desire was voiced for the creation of a forum in Romania consisting of journalists and legal experts that could prevent publications like ROMANIA MARE and EUROPA from publishing anti-Semitic and chauvinistic articles. A need was formulated for minority programs in languages other than German and Hungarian on TV 1, and not only on cultural traditions. Of course the ideal would be if, in the course of Romanian education, Romanian children could become acquainted with the history of minorities living here; moreover, if they were able to learn the languages of minorities as an elective subject. But these are suggestions the realization of which we, minorities, do not even dare to hope for.

The package of suggestions made at the conference will hopefully arrive at the most concerned forums. The European Parliament will be informed of the conclusions of the conference, as Ms. Hameldonck [as published], delegate from the European Parliament, assured the participants.

The conference was concluded by a news conference that was, unfortunately, not devoid of heated polemics. The

dispute was again provoked by the same TV correspondent, Nicolae Baciu, who stirred up passions in the evening of the first day. The correspondent, who is close to Vatra [Vatra Romaneasca, a quasi-fascist organization] circles, addressed a battery of accusatory questions to Ms. Smaranda Enache, president of the Pro Europa League. Later, he claimed that Gyorgy Frunda lied when he said that the writer Andras Suto lost his eyesight during the March 1990 events in Marosvasarhely, in the course of the brutal attack on the RMDSZ [Democratic Union of Hungarians in Romania] headquarters. It seems that those who caused the March events still cannot acknowledge this obvious loss, or even the mere facts.

It is undeniable that in the time since the Black March we have taken steps towards normalization, because in 1990 it would have been unthinkable to hold a conference in Marosvasarhely on minority issues. Let us hope that some suggestions will be realized of the ones formulated at the conference.

#### **Iliescu Omits Hungarian Deputies From Talks**

*93BA0197B Bucharest ROMANIAI MAGYAR SZO in Hungarian 5 Nov 92 p 1*

[Statement issued by the parliamentary representatives of the Democratic Union of Hungarians in Romania in Bucharest on 4 November 1992]

[Text] The House and Senate parliamentary groups of the Democratic Union of Hungarians in Romania [UDMR—RMDSz in Hungarian] were astonished to acknowledge the fact that on 2 November 1992, in the course of talks in connection with the appointment of the prime minister and the formation of government, Mr. Ion Iliescu, the president of Romania, talked with every party represented in parliament with the exception of the UDMR.

We wish to give voice to our amazement as to the reasons that led to the omission of our union from a meeting of this kind initiated by the president. The disregard for this political formation is baffling. Notwithstanding the fact that the UDMR did not express a wish to participate in the government under the present circumstances, it is not justified to deprive it of the opportunity to express its position in such an important issue. Evoking the series of unfounded accusations against us because of our alleged secessionist intentions, we raise the question: Is it not the disregard for the existence and importance of our political formation that leads to our segregation, to making it impossible for us to express our point of view within an organized, democratic framework?

#### **Hungarians in Romania Issue Statement, Take Oath**

##### **Local Government Rights**

*93BA0195A Bucharest ROMANIAI MAGYAR SZO in Hungarian 27 Oct 92 p 1*

[Statement issued by the Democratic Union of Hungarians in Romania, in Cluj on 25 October 1992: "Statement by the UDMR on the Question of Nationality"]

[Text] "We call for self-government for the Hungarians in Romania, and we base our right to do so on the Gyulafehervar [Alba Iulia] decree, which the Romanians of Transylvania issued on their own free will."—Aron Tamasi, Creed, Vasarhely [Tirgu Mures?] meeting, October 1937.

"... As a fundamental principle of the foundation of the new Romanian state, the People's Assembly declares the following:

"1. Complete freedom of nationality for all coexisting peoples. Every nationality will take advantage of public schooling, public governance, and justice through individuals from its own midst, and in its own language. Every nationality will receive the right of representation according to its numbers in legislation and the country's government.

"2. Equal rights and complete religious freedom to all religions of the country." (III. 1-2)

Gyulafehervar, December 1918

One of the most serious political and social problems in Romania's political life awaiting a solution is the question of nationality. Our bitter experiences, the tragic events, convinced us, the Hungarians of Romania, and our legitimate representative, the Democratic Union of Hungarians in Romania [UDMR—RMDSz in Hungarian], that up to this day neither political will nor political reality produced a solution that is acceptable to us.

By accepting our national identity, we want neither to secede nor to emigrate; we consider our native land our home. But we also do not want to be assimilated into the Romanian nation.

As a political subject, the Hungarians in Romania are a factor in the foundation of the state, and as such, a partner to the Romanian nation on equal terms. We have the same responsibility for the country's future as other citizens, and when we see the widespread disillusionment and self-abandonment among Hungarians and the resulting emigration, it is our duty to act.

It is our duty to point at the solution that appears to us, and to the rest of the country, to be the way out of this crisis. The autonomy of ethnic and religious communities is an organic part of the history of Transylvania; let

us refer to the almost 800-year-old practice of self-government by the Transylvanian German communities. The same sentiment was expressed in the 1918 Gyulafehervar Proclamation.

We claim that the way is that of internal self-determination. At the same time, the principle of internal self-determination is universally progressive, since numerous already-existing or now-evolving ethnically based and other communal self-governments suggest that this method is successful in Europe's working democracies.

The integration of the Hungarians in Romania into Romanian society as a community is part of the country's integration into the European communities.

We are aware of the fact that the question of nationality is acquiring new dimensions beyond that of human rights and is today an important factor in European security and stability.

We are convinced that the self-government of communities contributes to the strengthening of the constitutional state and of the civilian social structures, and is, at the same time, an organic part of the process of democratization.

The solution of the nationality question is a common interest; we count on the cooperation of the country's democratic forces in the tedious task that will create the constitutional and legal framework of this solution.

Cluj, 25 October 1992

#### **Parliamentary Deputies' Oath**

*93BA0195B Bucharest ROMANIAI MAGYAR SZO  
in Hungarian 27 Oct 92 p 1*

[Oath taken by Hungarian minority members of the Romanian Parliament in Cluj on 25 October 1992]

[Text] I, \_\_\_\_\_, member of the Romanian Parliament elected by the will of our people, in the universal community of our faith, churches, country, and Hungarian nationality, on this day pledge to faithfully carry out my public service and tasks according to the will and interest of my constituents.

In accordance with domestic and universal international law, in the framework of justice and democracy, I will regard as my sacred duty and will promote with all my might the edification of my country, service to the community, social and national reconciliation, and the realization of the democratic constitutional state.

As a faithful Hungarian, I will serve my people who authorized me to represent their interests, to fight for equal rights, collective rights, and freedom; to fight for their survival, the only solid guarantee for which is internal self-determination.

I will strive with all my might to achieve that the various nations, national communities, and religious communities find each other and be reconciled with each other in our country and in our region.

So help me God!

**Official on Timeliness, Purpose of Elections**  
*93BA0258A Zagreb NOVI VJESNIK in Serbo-Croatian  
10 Nov 92 p 3*

[Interview with Minister Smilko Sokol, by Aleksa Crnjakovic; date and place not given: "There Is No Secret About Winter Elections"]

[Text] "I think that Croatia will have between 18 and 20 zupanijas [parishes]. There will probably be no 'special' Serbian zupanijas. Elections for the House of Zupanijas of the Assembly, for the zupanija assemblies, and for the opstina councils will be held on the same day," says Dr. Sokol.

Croatia is continuing along its special electoral course. The first round of elections, the one to choose the members of the Assembly's House of Representatives, was held in midsummer, during the heat of August, at a time when people in Western countries go to the beach instead of the polls, while the second round will be held at an unusual time—in midwinter. An exact date has yet to be set, but there are indications that the elections for the House of Zupanijas could be held in mid-January, in order to comply with the term prescribed in the Constitution, which expires on 7 February. In the rest of the world, voters are usually "grabbed" at the most favorable time, when they are satiated, content, and warm.

In our conversation with Dr. Smilko Sokol, a member of the Croatian Government and professor of constitutional law who has participated in the formulation of all fundamental Croatian electoral and constitutional laws over the past two years, we tried to learn the reasons for such urgency. The minister did not want to lay all his cards on the table. "After all, I must admit that NOVI VJESNIK surprised me when it published an article in which you removed the first two of the, shall we say, seven veils of zupanija-local self-government and of election problems, so that now we have one to two left," Dr. Sokol told us.

[Crnjakovic] Does that mean that there are secrets about the deadline for and manner of electing representatives, zupans, and opstinars?

[Sokol] There are no secrets whatsoever. All of it can be deciphered through a careful reading of the text of the Constitution, in which local self-government and administration are discussed. As you know, the term for scheduling elections for the Houses of Representatives and of Zupanijas in the Croatian Assembly expires on 7 February. By that date, laws on the territories of the zupanijas, cities, and opstinas and about local self-government and administration must be formulated and adopted by the House of Representatives.

[Crnjakovic] During the spring, the parliamentary deputies were offered a proposed law on the territories of the zupanijas, but there was such a flareup of political passions that it was deemed necessary to suspend debate.

In that proposal, Croatia was divided into 15 zupanijas. How many zupanijas are offered in the new proposal?

[Sokol] The number of zupanijas is all but established by constitutional provisions, but in order to satisfy the fundamental interests that were expressed in last spring's very rancorous public debate, we decided in favor of a larger number of zupanijas. In accordance with the constitutional concept, the zupanijas are units of local administration, but also of self-government, and they must be capable of functioning as natural self-governing entities within the framework of the unified and indivisible Croatian state. In "tailoring" the zupanijas, we were guided by the interests expressed in last spring's debate, although not entirely, since those interests were mutually opposed. The zupanijas must be an expression of the historic, commercial, and economic interests of the individual territory. Taking all this into account, I think that Croatia will have between 18 and 20 zupanijas.

[Crnjakovic] The people of Medjimurje and Brod were especially vocal in expressing their own interests last spring. Will they be "countenanced"?

[Sokol] I would not put it like that. The person introducing the law will obviously weigh all the arguments, and it seems to me that Medjimurje will be a special zupanija, just as Slavonski Brod will be the heart of a special "Brod" zupanija, and not only because of its major contribution to the war in our homeland.

[Crnjakovic] We have heard that two future zupanijas, Istria and Rijeka, are fighting over who will "take" Opatija and Cres-Losinj?

[Sokol] This dispute—we are calling it that, even though that is not what it is—could be resolved, in my opinion, by finding out which side the citizens of those regions want to be on. I must emphasize that there is no legal obligation here as far as the zupanija law is concerned.

[Crnjakovic] A referendum?

[Sokol] No. I think that because of time constraints, but also because of the same sort of legal obligation concerning the structure of the territory of opstinas, this opinion could be voiced by citizens at meetings within the framework of the existing local communities. Personally, I think that Opatija, which, conditionally speaking, practically forms a common, metropolitan urban area with Rijeka, should be in the coastal—that is, Rijeka—zupanija, and not in the Istria zupanija. This is borne out by economic and commercial reasons, but I say that a decision will be made once the citizens of Opatija, Cres, and Losinj have been heard.

[Crnjakovic] How will the kotars with special status—Knin and Glina—be divided?

[Sokol] Those kotars will be included in two zupanijas: Glina kotar in the Sisak-Banija zupanija and Knin kotar in the Zadar zupanija. Thus, there will be no special "Serbian" zupanijas.

[Crnjakovic] When will the law on the territories of the zupanijas be presented to the Assembly deputies?

[Sokol] All three proposed laws—on the territories of the zupanijas, cities, and opstinas, on local self-government and administration, and on the election of councilmen to the zupanija and opstina assemblies, will be presented for their first reading at the Assembly session at the end of November. If they pass, depending on the will and positions of a majority in the Assembly, with probable amendments and changes, the proposals would have to be adopted at the last session before the Assembly's Christmas recess.

[Crnjakovic] That means that the preelection campaign will be conducted in the somewhat unusual Christmas season. Is that not inopportune?

[Sokol] The election campaign will be conducted from the moment that the elections are scheduled. Since the term for holding elections to the House of Zupanijas runs out on 7 February of next year, and since the elections for the zupanija assemblies and opstina councils will be held at the same time as the elections to the House of Zupanijas, this means that the election campaign need not be conducted during the Christmas holidays.

[Crnjakovic] The first objections and proposals are already being heard from the ranks of the opposition. Drazen Budisa has proposed a change in the election law whereby an absolute majority system is applied to elections to the House of Zupanijas, with two rounds of elections. Will that proposal be adopted?

[Sokol] I have no way of knowing that, but I can explain to you the "rules of the election game." According to the Law on the Election of Deputies to the Croatian Assembly, the deputies in the House of Zupanijas are elected in such a way that, in accordance with the Constitution, each zupanija is divided into three electoral districts and one deputy is elected from each of them. The person who receives the largest number of votes is elected. Thus, the relative majority system is applied. At the last session of the Assembly, the opposition proposed changing the relative majority system to an absolute majority system, with elections in two rounds. In terms of their interests, this was most convincingly and best substantiated by Mr. Budisa. That proposal is based on the presumed electoral interests of the opposition parties, who probably believe that it would be very difficult to form an advance coalition by putting forward a joint candidate or joint list. If a relative majority is applied, then they must put forward a joint candidate if they are to form a coalition, while if proportional representation is applied they must put forward a joint list in each zupanija. For me as a professor of constitutional law and one of the authors of the election law according to which the first elections were held in 1990, when the absolute majority system was applied, it is interesting that the same people who at the time, and even long after the elections, rejected that

system, to put it in simple terms, as the worst and least democratic of all systems are now demanding that it be applied! However, this is quite logical in terms of their interests, although perhaps they came forward with their proposal too early. This shows what I have always asserted, something that is generally accepted in the Western literature on constitutional law and political science: that all electoral systems, both the relative and the absolute majority, as well as the proportional systems, and various mixed forms too, are in essence equally acceptable and democratic. The adoption of a concrete system at a particular moment depends on the assessment of interests by those parties who are capable of choosing the solution that suits them through parliamentary means.

[Crnjakovic] You have already let it be known that the liberal proposal will be rejected?

[Sokol] No, I have no way of knowing that. I am only noting that even in a democracy the opposition—that is, a minority—cannot dictate the election system to the majority; rather, in the best case its solutions can be a suitable compromise. Just look at the latest example, in Slovenia, where the majority interest of the small parties is expressed to a greater extent, despite the fundamental compromise in the adoption of the election system. Personally, I will be very interested in seeing how the system that only recently was put forward as the most democratic one—the proportional electoral system—will be attacked, perhaps in the same way that the system that was previously attacked is now being defended.

#### [Box, p 3]

#### Zupanija

The zupanija is a unit of local administration and self-government. The territory of the zupanija is established by law in such a way that it is an expression of historic, commercial, and economic factors, capable of being a natural self-governing entity within the framework of the republic. The organization and purview of zupanija bodies are established by law. Major cities can be established as zupanijas by law. (Article 132 of the Constitution of the Republic of Croatia)

#### Units of Local Self-Government

Units of local self-government can be the opstina, kotar, or city. Their territory is established by law after the opinion of the population of that territory is polled. The organization and purview of bodies of units of local self-government are established by their statutes and in accordance with the law. Citizens can participate directly in the administration of local affairs in accordance with the law and statutes. In a locality or part of a locality, citizens have the right, in accordance with the law, to set up other forms of local self-government as well. (Article 129 of the Constitution)

#### House of Zupanijas

Three deputies are elected to the House of Zupanijas of the Assembly from each zupanija. They are elected in each zupanija in three electoral districts, where one deputy each is elected.

The electoral districts in the territory of the zupanijas are established by a special law in such a way that one deputy is elected for approximately equal numbers of voters residing in the zupanija.

Regardless of whether one or several candidates participate in the elections, the candidate who has received the largest number of votes cast is elected as deputy. If two or more candidates receive the same number of votes, the elections are repeated.

Together with the deputy, his substitute is also elected separately.

#### Fifty-Seven Deputies in the House of Zupanijas?

There is still no clear answer to the question of how many deputies will sit in the House of Zupanijas, since it is still unknown how many zupanijas there will be. It all depends on how willing the government will be to compromise and indulge regional interests. But it can be predicted with great likelihood that there will be 19 of them, so that when that number is multiplied by three—the number of candidates elected from each zupanija—it follows that there will be 57 deputies in the Assembly's House of Zupanijas, not counting the deserving deputies who can be appointed to the House of Zupanijas by the president of the republic. (A.C.)

#### Centralization?

Even before the text of the proposed law has been seen, many people are convinced that the law on local administration and self-government will assume a centralist form.

[Crnjakovic] Will that be the case?

[Sokol] I am certain that it will not. In working out the details of constitutional standards, this law will apply, globally and in terms of its details, the model used by developed European democracies that are similar to Croatia in terms of size and state structure. The text of the draft law will be professionally reviewed by German, Austrian, and probably French constitutional experts in the field of local self-government.

#### Prime Minister and President as One Person!

[Crnjakovic] How will the opstinas be divided territorially?

[Sokol] In keeping with the model of developed local self-government, but also in keeping with the already indicated interests expressed in the numerous demands for separation from present-day opstinas, the "small opstina model" will be applied to the law on local self-government. Compared to the present number—101—there will be at least three times as many opstinas.

Moreover, to put it in simple terms, the "presidential system" will also be adopted on the opstina and zupanija level, so that the chairman of the opstina council will at the same time be the president of the opstina and "head" of the executive government on the opstina level. The long-criticized solution of dividing the executive function between the present-day prime minister of the opstina and the chairman of the executive council will be terminated. Specifically, after the elections the two current jobs will be performed by only one person, Dr. Sokol says.

If by chance the elections were to be held today in Zagreb, for example, it would be interesting to see which of the two bitter political competitors would be "terminated"—Vedris or Buzancic?

#### Citizens' Initiative for Freedom of Press

93BA0258B Split SLOBODNA DALMACIJA  
in Serbo-Croatian 13 Nov 92 p 5

[Article by Executive Council of Citizens' Initiative for Free Speech: "Gloomy Media Landscape: Information on the Media Situation in the Republic of Croatia and on Its Sociopolitical Context"]

[Text] Although one of the main preelection slogans of all the parties, including the Croatian Democratic Community (HDZ), was full freedom of speech and of the press, there was no essential change in this sphere following the elections. Television and the leading newspapers have long remained under state ownership or are still in the process of "transformation." Thus, the basic mechanism of party-state control and censorship of public communication has been maintained.

#### Personnel Purges

Soon after the elections, the ruling party began conducting personnel purges in the leading news media and restricting the previously achieved level of liberalization of the media and of public opinion. National euphoria, heated rhetoric, and an emphasis on historic traumas, often verging on calls for lynching, dominated Croatian Television (HTV) and a good part of the press. Only the national designation distinguished this type of media policy from the style and "programming" of the Serbian media.

Journalists participated in all this partially out of necessity (the existential and political threat), partially out of conviction, and partially out of the lack of means to protect themselves—Independent labor unions and effective professional associations.

Although the Assembly of the Republic of Croatia and its new Constitution adopted and ratified most European precepts and conventions on the right to universal information as a fundamental human right, numerous professional and ethical standards have been violated on an ongoing basis.

On the eve of and during the war itself, the situation grew worse. The image of the belligerent sides presented by the media was based on one-sidedness, the attribution of all blame to the other side exclusively, the falsification of data, the withholding of information, and all other means of manipulation available to the news media. In addition, there have been ongoing attacks on the deepest and "most exalted" human sentiments. In this way, in a country seriously devastated by war, both socially and economically, an even deeper feeling of crisis, powerlessness, vindictiveness, and mass irrationality is created, a feeling that threatens to explode.

Even if certain measures of censorship and propagandistic use of the media during wartime (which was waged on the territory of Croatia and in which the country was subjected to an attack by significantly stronger military forces) could be tolerated, the use of these same media to consolidate increasingly authoritarian internal power and to settle scores with those who hold different opinions profoundly threatens the prospects of any democratic—and thus economic and social—recovery of and prosperity in Croatian society. The role of the Croatian media in the war in Bosnia is also a function of ruling party policy, which—as even the international public knows—has not always been consistent and clear on this issue.

Many people are even ready to attribute the resounding victory of the ruling party in the August 1992 elections to the monopoly in the news field and to the improper election law.

In its last mandate, the Assembly (which was dominated by the ruling party), under pressure from domestic public opinion and foreign factors, adopted a seemingly liberal, but incomplete Law on Information. It did not regulate the field of broadcasting, and thus not the de facto possibility of setting up independent TV and radio stations either. In addition, it did not establish any democratic (multiparty) controls over state television and radio. But in a situation of economic crisis, when fewer and fewer newspapers are being bought, the electronic media become the most powerful means of forming public opinion and struggling for power.

#### DANAS, NOVI DANAS

Increasing pressure is continually being exerted on those few news media that have preserved autonomy. This is done primarily through a combination of economic and political means. The political weekly DANAS recently ceased publication for good. Because of its analytical-critical attitude toward the government, it was a valued source of information both at home and abroad. For more than half a year, the state (meaning the ruling party and its agents) blocked the ownership transformation of DANAS. At the same time, the state media, and sometimes even politicians, including the president, launched very brutal attacks against its editorial policy and leading journalists. They were accused of all sorts of sins, from

"grieving over communism" to "Yugo-unitary nostalgia," and even "national and state treason." But it is known that that publication earned its greatest reputation precisely through its liberal criticism of the former ruling political class and by being the first to openly oppose Milosevic's demagogic policy and Greater Serbian nationalism. After a private businessman "bought" all the magazine's journalists and founded NOVI DANAS—because a court prohibited use of the old name—the VJESNIK monopolistic state publishing house refused to print and distribute NOVI DANAS as well. Because of the decline in paid circulation and losses that followed, as well as the consequences of the psychological exhaustion of the editorial staff, the only serious political magazine in Croatia finally gave up the ghost.

#### SLOBODNA DALMACIJA

The independent daily SLOBODNA DALMACIJA, from Split, has also been a continuous object of attacks by the ruling party, accompanied by attempts to return it to the loyal flock. The newspaper's management succeeded in founding a joint-stock company, with the majority of stock in the hands of employees, back during the era of Ante Markovic's federal administration, when a short-term opportunity for that was offered. The new Croatian authorities are now asserting that the company is illegal because the transformation was carried out according to the laws of the former state. A state agency recently set up an administrative committee for the company, and although it is contended that its authorities relate exclusively to the legal transformation of its ownership status, one of that committee's first demands—a change of the traditional red color of the newspaper's title—aroused justified doubts about its intentions.

Another thing that seems problematic is the tendency of the state and its agency to make it impossible for the employees of "Slobodna Dalmacija d.d." to retain a controlling share of the company stock, and thus autonomy in editorial and business policy. Specifically, it is felt—in European countries with a developed market as well—that the only real democratic guarantee of media autonomy is an ownership model in which the controlling share of capital is in employee hands. Such a media policy is supported by the Council of Europe, the European Parliament, and all other European institutions, and thus by many European governments as well. The Croatian Government will be making a big mistake if it misses the opportunity to have at least one of the leading media set up in a genuinely democratic and market-oriented fashion. The major success of SLOBODNA DALMACIJA, the newspaper that is a sort of Croatian speaker's corner, on the market and in the publishing field proves that there is clearly room for independent media on the market.

#### NOVI LIST

Another strong regional newspaper, NOVI LIST from Rijeka, which has also tried to convert legally into a

joint-stock company, has recently come under fire as well. Although the newspaper was "nonproblematic" in terms of its basic political orientation, the state agency has imposed on it an administrative committee headed by one of the assistant ministers of internal affairs! But even that could be called a "civilized" means of pacification, given the fact that last year, even before the war had broken out in earnest, the editorial offices of GLAS SLAVONIJE were attacked by a group of armed local officials, who chased out the journalists and replaced the editorial staff.

Pressure is also being exerted on local radio stations, especially regional ones, because of some sort of "innate" animosity by the ruling class toward regionalism.

Once private ownership was guaranteed by the new Croatian Constitution, two major weekly publications were founded with private capital. Although financially independent, they played an important role in the generation of wartime psychosis. They denounced and persecuted people for whom there was absolutely no proof of their guilt. Guided both by the dictates of the market and by the will of their owners and editorial staffs, they

are explicitly sensationalist, superficial, and prone to generating ethnic intolerance. It is interesting to note that they too have on occasion been subject to government pressure for uncovering (and creating) political and criminal affairs.

Thus, the media landscape in Croatia has been reduced to only two types of media: those under state ownership and state control, and those that are explicitly commercial. Neither type generates true, democratic, tolerant, participatory political culture. In both of them, all types of minorities, from political ones to ethnic ones, often come under fire. They also share the tendency toward attacks directed at journalists and other media that try to reason outside the political mainstream. Moreover, they do not abstain from the worst forms of political defamation, chauvinism, and sexism.

Concerned about this media situation and in the conviction that the social, political, and even economic situation in Croatia cannot make progress without free, reliable, and objective media, we direct this information to the European and world public.

**European Parliament Delegation Visits**

*93BA0290C Ljubljana DELO in Slovene 24 Nov 92 p 1*

[STA article: "European Parliamentarians Visiting Slovenia"]

[Text] Foreign Minister Dimitrij Rupel said that we want to join European organizations more quickly.

Ljubljana, 23 Nov—A delegation from the European Parliament, which is visiting Slovenia for several days, was received today by Prime Minister Janez Drnovsek and Foreign Minister Dimitrij Rupel, who informed them about the situation in Slovenia during the preelection period, Slovenia's ties with European organizations, relations with our neighbors, the situation in Bosnia-Hercegovina and the Balkans, and the refugee issue in connection with this.

Slovenia is an extremely dynamic state that has taken advantage of the time lost last year and the time after recognition, stated Greek Socialist Paraskevas Avgerinos, the head of the 10-member delegation from the European Parliament.

Slovenia is disappointed by the position that it received in establishing relations with the EC in comparison with the Visegrad troika—Hungary, Czechoslovakia, and Poland—Minister Rupel said in talking with the members of the European Parliament delegation. Slovenia should have first signed a free trade agreement with those three countries, and then become a member of the Visegrad troika, which had already guaranteed support for Slovenia in joining the EC. Slovenia is prepared for associate membership in the EC, and negotiations on associate membership in the EC could start in 1993; negotiations on signing a cooperation and trade agreement with the EC will take place next month.

Minister Rupel also explained to the European parliamentarians Slovenia's efforts for close cooperation in the CSCE, the United Nations, and the Council of Europe, in which Slovenia is to receive full membership status in February or May 1993.

The European Parliament delegation then met with a government delegation headed by Deputy Prime Minister Joze Pucnik, and in which representatives of the Ministries of Construction and Industry, Transportation and Communications, Education, and Finance, and a representative of the Refugee Office also participated. The parliamentarians were particularly interested in Slovenia's transportation links with East and West Europe, Slovenia's role and interest in participating in resolving the situation in the Balkans, and the privatization of social property.

**Social Democratic Party's Development Viewed**

*93BA0290B Ljubljana DELO in Slovene 23 Nov 92 p 2*

[Article by Marko Jakopec: "Citing the Past Will Not Help Much in the Elections"]

[Text] In the several years that it has been active, the Social Democratic Party of Slovenia [SDSS] has experienced several upheavals; how much of the responsibility for the fact that other parties have "diverted" the nucleus of its program from it is borne by Dr. Pucnik?; sacrificed to Demos.

Ljubljana, 22 Nov—For many Slovene citizens, the SDSS is a party with a big start. It is precisely the one that they credit with starting and also promoting democracy, the emergence of Demos (i.e., the Slovene opposition), the multiparty parliamentary system, and independence and sovereignty. There are also a lot of people who, in connection with the Social Democrats, talk about scoundrels who were prepared to sell out the sacred idea of a united democratic opposition in return for a bit of power; party members who betrayed the fundamental principle of their party's existence; and politicians who weakened the right and the center with their measures in return for a few insignificant points of public popularity, and thus actually made it possible for the left gradually to return to power in Slovenia.

Everything started in December, in what is now the almost remote year of 1987, when the party's subsequent president, France Tomsic, at the legendary strike by Litostroj's employees at Cankar House, first proposed the establishment of an initiative committee for establishing the Social Democratic Alliance of Slovenia [SDZS]. The committee was actually established in January 1988, and later the SDZS was also established. It was the first independent political organization in the Yugoslavia of that time, and its establishment met with a violent response both in Slovenia and also throughout the former Yugoslavia. The party in power, through the umbrella of the Socialist Alliance, sharply attacked political organization outside the umbrella organization, and criticized all of it for unconstitutionality and great political adventurism. The key people in the SDZS, of course, did not let themselves be too bothered, and also included some positions in the Alliance's program that were truly "heretical" for that time. Specifically, they set as their principal tasks the economic independence of Slovenia, a sovereign state, the elimination of the federation and the formation of a loose confederation, and primarily a referendum as the most democratic way of verifying the public's political will.

The first dissension in the party already started at the end of 1989, since the important members Jasa Zlobec and Branko Gradišnik left it, and things were finally exacerbated at the Alliance's conference in Celje in November 1989. Specifically, under strong pressure from the membership France Tomsic resigned his post as president of the Alliance, just before a vote on no confidence in him and on his dismissal. At that time, Tomsic was officially criticized for being too focused on the economy and the trade union movement, and too little concerned about the political side of the SDZS's activity. Dr. Joze Pucnik, known in Slovenia primarily as a former political prisoner and political emigre and a

person with excellent political, primarily Social Democratic, ties throughout Europe, was then unanimously elected as the new president.

Subsequent events showed that the basic decision by individual leaders in the Alliance that the time had come for a real political party was the key element in the president's replacement, since circumstances and time had overtaken the party, which was primarily advocating nonpolitical goals. Pucnik brought into the Alliance not only his charismatic political appearance, extremely important in identifying the Alliance in the increasingly greater flood of new political organizations, but also above all a completely new political orientation. Under his influence, goals were added to the program, such as Slovene money and an independent and sovereign Slovenia that had seceded from Yugoslavia, and support for a social welfare state based on a market economy of the Western type. A decisive consequence of his coming to head the party was also the subsequently establishment and presidency of Demos, and crucial support for scheduling the plebiscite on secession or disassociation. It was later often heard from some people in the party that the Social Democrats had literally sacrificed the development of their party, because its president was obviously Demos's president, which means that he was acting in the interest of several political parties and at the same time ignoring the interests of his own.

The Alliance, now already transformed into a real political party, experienced its second major upheaval almost a year later; the incident became known to the public as the "Plahutnik and Magajna scandal." Specifically, Mihael Vengust, a party leader at the level of the city of Ljubljana, criticized Silvester Plahutnik and Adrej Magajna, who were then working in the Ljubljana municipality of Mosta, for abuse of their positions, usurpation of the party's money, and factionalism. Both of the people from Mosta criticized both the city and the republic party leaderships for a lack of democracy, intrigues, and Stalinist methods, and demanded the resignations of both Vengust and Pucnik, and the suspension of relations with Demos. The first part of the scandal developed before the malicious eyes of the "ordinary" and political public; the second and more important part was subsequently wisely taken behind the closed doors of party offices. Then, at the party's conference in Celje, both of them were expelled from the party, but the entire incident left the public with a bad impression of the Social Democrats, who until then had enjoyed the reputation of being first among equals in Demos.

Resignations and internal dissension then continued all through 1990, and the members criticized the leadership, and primarily Pucnik, for an increasingly worse shift toward the left and a betrayal of the spiritual principles of social democracy, as the chief cultural achievement of Europe, proceeding from Christian principles, and Slovenia's only future. During that period the party's vulnerability was advantageously exploited by other parties, which started to associate with their names the attributes that were actually first secured by the

Social Democrats for themselves. The promotion and defense of a social welfare state, concern for national interests, and support for workers and a better life were quickly grabbed by parties at both the left and the right poles of the Slovene political scene.

Also decisive for the party was its second congress this April. Janez Jansa, until then uncommitted to a party but extremely important and prominent, joined it after long speculations, and it also acquired Emil Milan Pintar. Demos's collapse indirectly allowed the Social Democrats to join the government; this, of course, did not occur without bitter reproaches for the deliberate destruction of Demos, treachery, and selling out. If we view its entrance into the government in light of the approaching elections, that move was completely understandable and pragmatic. Of course, it is considerably easier to achieve success in elections and subsequent important posts in the government if you are already sitting in the government.

The appointment of France Tomsic as the party's presidential candidate completed the circle of its activity to date; in part, it also proved that nevertheless no insurmountable ideological differences were involved in his replacement by Pucnik in the position of president. Nevertheless, before the elections the Social Democrats will still have to prove that they are a party that deserves trust, and that its candidates are honest, upright, and professional people. Citing its glorious past and its services in the democratization and independence of Slovenia will not help much in hunting for success in the elections.

### Socialist Party Undergoes Changes

93BA0290D Ljubljana DELO in Slovene 24 Nov 92 p 2

[Article by Igor Guzelj: "The Party That Kucan Repudiated Is No Longer Just an Association of the SZDL's Heirs"]

[Text] Arduous transformation with an unencumbered team; program modeled after parties with similar views in the developed countries; facing the third change in its name because of the negative connotations of the word "socialism" in Slovenia.

Ljubljana, 23 Nov—One of the best preelection TV advertisements with which the Socialist Party of Slovenia [SSS] is appearing in the hunt for votes certainly aroused attention at home, but that is far from matching the enthusiasm shown for it by experts and observers of our situation from the other side of the border. It is a bit surprising, but it is true, that the legendary throw of the ball over the head of the legendary Iva Daneua in combination with Zakelj's throw into the basket would certainly have substantially greater results on the Italian political scene than it has "here and now." The reason is simple: because of some crucial mistakes in the recent past, the SSS is still trying to get rid of the "trademark" of the former SZDL [Socialist Alliance of Working

People], the conveyer of the late party's ideas —at least, that is how it is seen by a considerable part of the Slovene population.

To be sure, the Socialists themselves do not deny that they are going into battle as convalescents, who suffered an internal collapse after the last elections. January 1990 is bordered in black in their history. At that time, because of opposition from the still powerful nucleus of orthodox cadres from the old school, gathered around their leader Joze Smole, the attempt to rename themselves as the SSS failed. They remained the Socialist Alliance, and only "Working People" dropped out of their name; this vividly illustrated their halfheartedness in adopting substantive and organizational changes. The mere 12 seats in parliament were a cold shower for the heirs of the former broad organization, whose base is supposed to have consisted of around 450,000 people. The people consequently really did abandon them, and proved that the warnings of reformers Viktor Zakelj and Borut Sukelj were not nonsense.

A Caesarean operation followed on 10 July 1991: the new steersman of the boat with a new name embarked upon an arduous transformation at the head of a team of unencumbered members like Magda Tovornik, Braco Rotar, Darja Lavtizar-Bebler, Vojko Volk, and others. They represented a base of barely 420 declared sympathizers. Their main effort was directed toward forming their own identity, which was reflected in a modern program designed according to the model of parties with similar views in developed European countries, with a clear orientation toward the most acute Slovene problems in the forefront. (A social-welfare and at the same time legally complete society is their main goal. It is not by accident that this important chapter concludes with the following very topical sentence: "A state that does not serve the people is not necessary.") They only had to preserve continuity with the Socialist Alliance in a legal sense, since otherwise their deputies would lose their seats, and also their inherited right to use the office spaces in the building at 5 Komenski (three rooms) would have ceased.

In less than two years, the SSS then succeeded without great pomp in reestablishing regional committees in all the municipalities. Their approximately 5,000 adherents include at least as many prominent Slovenes as in the ranks of the left-wing and right-wing competition, for which the Socialist Party was a tenth brother for a long time; it seemed appropriate for them to abuse it deliberately whenever they felt like it. Even in the days when criticizing the communist past was considered a productive maneuver, Lavtizar and Tovornik made fools out of many hecklers, since they had never belonged to the party [the LCY—League of Communists of Yugoslavia]; and for the most part the SSS did not expose itself in particular, and did not become involved in double-edged although publicized conflicts. The leadership mostly viewed individual solo attacks by deputies as unconstructive.

Of course, that restraint was not only a consequence of the previous distribution of roles on the government stage, where Demos and (in the government) Lojze Peterle's followers dominated at first. At the same time, it was a result of the recognition that the Socialists could not count on any support at all from their presumed "natural allies" in the shape of the SDP [Party of Democratic Reform] and LDS [Liberal Democratic Party]. On 27 September 1990, Borut Suklje, in the Assembly, proposed scheduling a plebiscite on Slovenia's independence and the adoption of a law on the plebiscite; on 7 October, in the name of the SSS, he then also submitted a related official motion. The plebiscite was to be prepared even before the end of the year. The Reformers and Liberal Democrats compassionately smiled at the idea, and there were also a lot of quizzical commentaries and joking statements about the "return of the utopian socialists."

A full month later, when the Demos parties "adopted" the plebiscite project in Polje and made it public as an original idea of the regime, the Socialists' protests were ignored by the entire current political scene, including the media. The SSS thus did a bad job of cashing in on the theft of its patent, although it now trying to make up for it after a delay. After the December elections it is counting on at least four if not seven seats in the State Assembly. It is no longer a marginal association of the SZDL's heirs, but rather a party that occupies on deputy prime minister's seat and one minister's seat in the government, and which has nine mayors in its ranks.

As far as tactical moves in the preelection simultaneous exhibition are concerned, the Socialist Party is consistently relying on the membership's opinion. The latter does not favor coalitions, and has expressed an extremely negative attitude toward Milan Kucan, since he allegedly simply repudiated them in the 1990 campaign. Even though they were official cosponsors of his candidacy, they maintain that Darja Lavtizar-Bebler is more than a good replacement. Certainly the Socialists will soon also change their party's name, although already for the third time. In fact, they ordered a special poll which revealed that half of Slovenes still associate the former regime and the police state with the concept "socialist." In this regard we are obviously distinguishing ourselves once again from Europe, which would be a spiritual and political invalid today without the Socialist International.

#### SLS's Place in Political Spectrum Viewed 93BA0290A Ljubljana DELO in Slovene 21 Nov 92 p 2

[Article by Vinko Vasle: "A Collection of Program Ideas for Flirting in All Directions"]

[Text] *The party's important role during Lojze Peterle's rule; lack of principles and big political ambitions; internal upheavals and transformation this year; competition with the SKD [Slovene Christian Democrats]; on the political right.*

Ljubljana, 20 Nov—During the past two years, the Slovene People's Party [SLS] brought Slovene political life considerable agitation, provocativeness, and also disagreements, and made itself "famous" with certain actions that gained it a bad reputation. A former loyal Demos member, which was neither enticed nor invited to join the new ruling coalition, has nevertheless experienced several "tectonic shifts" during this period, regarding the success of which this year's elections will say the most.

The party, whose direct predecessor was the SKZ (Oman's Slovene Peasant Alliance), played a very important role during the rule of the Demos coalition—if through nothing else, then through blackmailing Prime Minister Lojze Peterle, since the party was well aware of its strength and said very clearly on several occasions that their deputies represented a crucial deciding factor in the ruling Demos coalition. This was particularly demonstrated in the party's disagreements and quarrels with the then Agriculture Minister Joze Osterc, who, in the opinion of its leadership, especially Podobnik's circle (in contrast to Oman's), played too egotistical and independent a role, and who sometimes did not submit to the professionally debatable demands coming from the "Peasant Alliance"-People's Party.

The most eloquent example was certainly the moratorium on cutting trees in public forests, which not only affected forest enterprises (many of them simply failed because of this), but also, along with the removal of the law on forests from parliamentary discussion, caused real anarchy in the field, and several obvious clearings in private forests. The worst thing of all was that among the forests' owners (not just among peasants) it "legitimized" the impression that they could do what they liked with the forests.

Many things could also be written about the party's lack of principles. The party, which almost swore just before the 1990 elections that the rumors of its support for some sort of new feudalization in returning property to the church and the descendants of large landowners were a "conspiracy of hostile forces," soon changed that position. This, however, was an obvious contradiction of the Peasant Alliance's original founding program and the interests of the peasant class.

The party, which increasingly showed big political ambitions after the elections and sided with its "big brother" (the Slovene Christian Democrats [SKD]), experience several significant internal upheavals and transformations, especially this year. Although there was talk for a long time about an expansion of its program and its membership base (i.e., its electoral base as well), it was only this spring that there were more recognizable disagreements between then President Ivan Oman and the politically ambitious Marjan Podobnik. The internal party struggles ended with Oman's resignation and his leaving to join the Christian Democrats, where Oman had also wanted to bring the Peasant Alliance, along some sort of normal, developmental path: into a new,

combined, large people's party. Podobnik, together with a large majority of the party's leadership, resolutely opposed that, since their political ambitions would thus certainly drown in the SKD, and, not least of all, they were trying to prove that they were not just some sort of appendage of the Christian Democrats, but rather a party that had a future. Consequently, the party needed a new program orientation, that was not addressed just to a small circle of "the humiliated and wronged," but rather sought its allies in all other social strata as well.

The party's leadership thus also had to think about the fate and future of the party, which emerged after the surrender of the peasant class's organization and which received an enviable 13 percent of the electoral votes primarily because it emerged as the first serious organized opposition to the regime at that time, and—also because of the penetrating political nonpretentious Ivan Oman—won the sympathies of a very broad range of voters, even in the cities. In the new post-election situation and in obvious competition with the Christian Democrats, the party also lost its last ties with the original Peasants' Alliance, which was shown, not just symbolically, by Oman's final departure from the party.

Whether the circle that is decisively represented in the People's Party by the Podobnik brothers has succeeded in creating a sufficiently recognizable party that is attractive to the voters will be shown by the elections. In view of all of this, however, it is possible to say that by expanding the political interest of its program the People's Party took a very big risk in starting to flirt with the broadest strata of society, reflecting a sort of competition between it and the Christian Democrats. If the latter nevertheless have their own "target audience," which is more a result of historical circumstances than of any particular effort, it is not very clear (exactly) whom the People's Party is addressing. Its program includes agriculture, workers, intellectuals, retirees, i.e., different classes, professions, and interests, and its ideological basis is the Christian ethos.

In terms of its program, therefore, the People's Party is entering a political arena in which there is strong competition, and in which the dispersion of electoral votes is obvious and necessary. That, and also the fact that the once strong allies (the People's Party and the Christian Democrats) have nevertheless diverged on many things in recent months and there have also been some public quarrels, disagreements, and accusations between them, will certainly not exactly make the People's Party's position in the elections any easier.

The People's Party has somehow landed at the margin of the Slovene political right, although it showed a desire to occupy a right-of-center position in it. From a class organization with specific goals and exactly that kind of membership, it has developed into a big party—at least in ambitions—whose ideological platform is still most similar to a collection of program ideas from the National Democrats, the Liberal Party, and, of course, the Christian Democrats.

**National Democratic Party Profiled**

93BA0290E Ljubljana DELO in Slovene 25 Nov 92 p 2

[Article by Marko Jakopec: "It Was Shown Last Year That the Party Did Not Keep Its Promises"]

[Text] *The mutual mudslinging of figures from the former Slovene Democratic Alliance showed that the party's collapse had to happen; the emergence of the National Democratic Party [NDS] meant a strengthening of the right wing; repellent methods of political action.*

Ljubljana, 24 Nov—Somewhat more than a year ago, the NDS emerged after the split in the former Slovene Democratic Alliance. The split was a result of the emergence of a right-wing-oriented faction under the leadership of Dr. Rajko Pirnat and the formation of a more liberal, center-oriented faction headed by Dr. Dimitrij Rupel, Spomenka Hribar, Tone Persak, and Igor Bavcar.

The final schism between the nationalist and the more liberal wings of the party occurred at the party's congress last year, when the advocates of the individual factions could not agree on new political orientations that were to be added to the party's statute.

The principal dispute at that time revolved primarily around whether the existence of political factions in the party should also be legalized somehow through program orientations, or whether political unity should be promoted, which, among other things, would also mean less room for all those who were not prepared to follow the hard-line orientation of the so-called nationalists. With respect to the proposed changes in the statute, it was also shown that with the elimination of political factions in the party there was also no room for "leftists," and that the party wanted to make a sharp turn to the right with the changes in its statute.

The substantive disagreements over the political orientations also had a completely practical basis. Specifically, at that time both Pirnat and Janez Jansa were competing to be the party's new president. Jansa was said to have undeniably changes for election, which would have meant a sort of victory for the center-oriented faction. That would undoubtedly have meant the party's complete domination by the centrists and leftists, because of their reputation and personal charisma, and at the same time would have taken away the anticommunist intellectual basis for their party's functioning. The possible election of Dr. Rajko Pirnat, however, would have caused the departure of several well-known members with considerable popularity among the public. Although orthodox in advocating their right-wing positions, the members of the nationalist faction somehow nevertheless felt before the congress that the party simply could not afford this, since complete neutralization of the influence of Rupel, Hribar, and Persak would not only mean their departure from the party, but also the very probable defeat of the National Democrats in the elections, through which they would become a sort of dead end in the Slovene right wing.

A dispute within the liberal-oriented part of the Slovene Democratic Alliance that was taking place between intellectualist and pragmatic members was less known at that time. It was precisely Jansa and Bavcar who then shrewdly assessed their political chances, which would naturally be considerably less without a large and well-organized party base, and crossed over to the so-called right-wing side with a clear conscience. To be sure, Jansa kept advocating the party's unity, probably being aware of the party's importance, which was dependent upon its unity and size, and after subsequent irreconcilable positions he still clearly stated at the congress that he would not be a member of any faction if the party actually collapsed and two parties were formed.

At the congress Rupel, with the support of the subsequent nucleus of the Democrats, sharply rejected the party's reorientation toward the right, and characterized fundamental nationalism as an obsolete idea, since it was necessary to build on a state of citizens. After the liberals' departure from the hall, with considerable media coverage, Janez Jansa provided a new surprise when he changed his mind overnight and returned to the cover of the nationalist faction, although he said in this regard that he would not be a candidate for any party office. The party's collapse at that time confirmed the rather loud rumors that individual party leaders also could not stand each other personally and that it was not just a matter of incompatible political orientations. The subsequent mutual mudslinging and ridicule in public also proved that the collapse really had to happen. It was precisely the broad diversity of the former members that proved that the original Slovene Democratic Alliance was a sort of umbrella gathering many of those whose original, and for a long time only, goal was to overthrow one-party rule.

The emergence of the National Democrats, at least in the light of the political balance of power in Slovenia at that time, meant a strengthening of the already strong right wing in Slovene politics, with the National Democrats to become the most conservative and most aggressive part of it. Last year, to be sure, it was shown that the party did not justify those predictions, primarily because of several mistakes in its political actions and alliances with other parties. People did agree with its nationalist orientations, but they were repulsed by its methods of political action, which mostly consisted of negative propaganda, mudslinging, and ridicule of opponents, constant criticism, and an unfounded reactionary attitude.

Public opinion polls indicate that the National Democrats will not do very well in the elections, since people primarily miss a positive and effective program orientation that would portray the party as modern and constructive.

**Liberal Party's Election Tactics**

93BA0290F Ljubljana DELO in Slovene 26 Nov 92 p 2

[Article by Vinko Vasle: "Tactics of Attacks Against Opponents, Quarrels, and Little Deceptions"]

[Text] *The little party crawled out of anonymity through independence-related and political themes; they have gone down in history as the first advocates of Slovene independence; unpleasant traveling companion for modern parties.*

Ljubljana, 25 Nov—In the last two years the Liberals have certainly introduced a great deal of agitation in Slovene parliamentary life, particularly thanks to their tireless deputy Vitomir Gros, who has become a sort of symbol and trademark for the party. During the present preelection period, the party has decided on "tactics" of attacks against opponents, quarrels, and little deceptions.

The latter certainly include the party's campaign maneuver through which it tried on one hand to neutralize its liberal "big brother," Drnovsek's Liberal Democrats, and on the other also tried to use such methods to publicize its own party, which is not exactly favored very much by election forecasts. Specifically, the Liberals revived a dispute with the Liberal Democratic Party [LDS] regarding the right to use the party's name, especially after a certain new party called the Liberal Democratic Party of Slovenia appeared on the electoral lists. The LDS, of course, perceived the "real point" and craftiness of this action by Gros's Liberals, since according to some information a confusion of names in the elections could garner them a considerable number of its votes.

This, of course, was not the LDS's first conflict with the Liberals, who were still called the Slovene Tradesmen's Party in 1990 and renamed themselves the Liberal Party a little while before the elections. The LDS failed in its administrative suit, which argued that the similarity in the new party's name was obvious and that it should not be registered.

The Liberal Party was certainly one of the parties representing a sort of deciding factor in parliament. As an associate partner in the Demos coalition, the relatively small party contributed to the coalition's success and occupied two ministries in Peterle's government—Ingo Pas became minister of tourism and Viktor Brezar became minister of small business. The party, whose electoral base was actually supposed to be tradesmen, soon realized that big independence and political subjects were more profitable. Consequently, the little party used them to crawl out of anonymity and caused gray hairs in particular for what was then the parliamentary opposition. The Liberals actually achieved their parliamentary zenith in June 1990, when they surprised the deputies with the declaration on the independence of the Slovene state and demanded that parliament pass a constitutional law on the cessation of the federal authorities' jurisdiction on the territory of Slovenia. The Liberals thus went down in history as the first advocates of Slovene independence.

Aware of their marginal nature, small size, and the competition of the large parties, they also entered the new campaign period earliest and very aggressively. Of

course, this was not in the traditional sense of party campaign activities, since they are also building their image on renouncing extensive and expensive campaign propaganda. The Liberals are the party that certainly had the largest number of press conferences in the two years of the parliament's existence, and showered the public with statements, protests, and explanations. It is a party that is omnipresent in Slovene political life, and which loyally persisted in Demos to the end and advocated its program, even at a time when it seemed absurd. It consequently also played a significant role after the coalition had already collapsed. At that time the Liberals became an important member of the Demos deputies' club, in which the so-called small right-wing coalition gathered. The Liberals also made themselves memorable to the voters as the revealers and initiators of several party actions, and even internationalized the one regarding Dr. Janez Drnovsek in Vienna.

The Liberals, regardless of their original program, are nevertheless a party that we can classify among the traditional right-wing parties. They are radicals who have a hard time accepting parliamentary political compromises and who like to make their own interests conditions for their loyalty to coalitions. They are one of the few parties that are still citing their anticommunism and like to talk about left-wing conspiracies and plots, the danger of a new dictatorship, etc. That is why they are, of course, an unpleasant traveling companion and interlocutor for the parties that are becoming modern after the European model (like the Christian Democrats, for example).

It was also for that reason that the present opposition parties did not succeed in achieving any firm preelection agreement, since several parties thought that radicalism, exclusivism, and scandal-mongering after the style of small revolutions did not interest the average Slovene voter. A party which can, to be sure, boast of the rigidity of its ideas and demands, and also of its principled adherence to its own ideology, is not the right coalition partner at a time when it is necessary to move from the past to the present and future. That is also why the Liberals have very little chance of getting into the parliament and the government again. They could be saved by a firm preelection coalition alliance, which they have not succeeded in extorting.

#### Gorenje Exports 95 Percent of Production

93BA0243A Ljubljana DELO in Slovene 14 Nov 92 p 4

[Article by Bozena Kriznik: "The Gorenje Concern's Largest Firm Exports 95 Percent of Its Production"]

[Text] *This includes the 60 percent of the household appliances that it sells under its own trademark; 10 firms operating abroad under the name "Gorenje"; penetration into East Europe was a bull's-eye.*

Ljubljana, 13 Nov—Foreign trade is of vital importance to the Gorenje concern's largest enterprise, Gorenje GA [Household Appliances]. This year, in fact, that enterprise

will export 95 percent of its total output of large household appliances, and more than 60 percent of that will be under its own trademark. The people at Gorenje say that they could not boast of such extensive sales abroad if they did not have a well-developed network of enterprises and offices abroad, a comprehensive offering of household machinery, and well-organized distribution.

Three-fourths of Gorenje's total exports of household appliances make their way to West European markets, namely to Germany, France, Great Britain, Austria, Italy, and Scandinavia; it exports 12 percent of them to East Europe, most of which is to Czechoslovakia; and it exports 13 percent to overseas countries. During the past year or two Gorenje GA has been seeking new markets especially in East Europe, but also in the Middle East and South America, so that Gorenje's household appliances can be obtained in Mexico, Chile, Argentina, the South African Republic, Iran, Egypt, the United Arab Emirates, etc. This year the enterprise is expected to earn \$225 million through such exports, which is 5 percent more than last year. For next year, it is planning exports in the amount of \$260 million (including exports to Croatia).

There are 10 foreign firms operating abroad under the name Gorenje (in Vienna, Munich, Paris, Milan, London, Prague, Budapest, Copenhagen, and Sydney; Gorenje recently established itself in Poland, and this month they are also to be joined by Gorenje Sofia in Bulgaria; a similar breakthrough in Ukraine and further to the east is also planned). All of these enterprises are the property of the holding company Gorenje Beteiligungs, and the owner of the latter (as a single enterprise abroad) is Gorenje GA. As we were told by Gorenje Beteiligungs' director Milan Podpecan, the enterprise arose six years ago; it bought six firms and paid 46 million schillings for them. Four of them were in serious difficulties. Today it is selling almost a billion marks in goods through that entrepreneurial network, and it has not experienced losses in the domestic market. The firm is self-supporting, and invests all the profits from its daughters back into the entrepreneurial network where they were earned. Podpecan sees the point of the enterprise's existence as having the enterprise turn around the money entrusted to it by its founder, i.e., creating or increasing the profit and the sales of Gorenje's products, and thus also production at the domestic Gorenje.

Gorenje's enterprises abroad thus trade in Gorenje's products and those of other factories. Abroad, for example, they buy semifinished products for the needs of production at home, and engage in tie-in trade. Gorenje Beteiligungs watches over their operation, and one of its most important tasks is also financing the enterprises abroad. Director Podpecan emphasizes that the firm has gained the confidence of Austrian banks, so that they are now prepared to guarantee loans to Gorenje's enterprises abroad. This trust is based on strict control over the enterprises' operation and the realities of balance-sheet facts and a result of that control. In fact, in addition to regular audits the holding company has also introduced preventive monthly supervision of the balance-sheets. It

decided on that because of bad experiences in the past, when the commercial network almost drowned in losses twice. Podpecan attributes the blame for this to the fact that the buyer and the seller simultaneously perform the functions of guiding and managing the enterprise as a whole. "I hope that the present leadership, which is also having difficulties with privatization, will not repeat the mistakes of the past." In any case, the director thinks, the leadership at home should be aware that it is possible to be of service in buying, but not in selling. It is not possible to require enterprises abroad to sell semifinished products to Gorenje in Slovenia as cheaply as possible, but buy its products for as much as possible. An enterprise abroad has to act in its own interest, because in that way it will still benefit its "mother" the most.

Gorenje has had a presence in Czechoslovakia for 19 years, but has only now appeared with its own trademark. Last year it established the firm Gorenje Prague, a limited liability company whose task is importing, exporting, and representing the Gorenje Concern (with its full program) on the territory of Czechoslovakia. In one year Gorenje Prague has imported into Czechoslovakia 50 million marks worth of products, 190,000 of which were household appliances, and exported goods worth 10 million marks. Zetor tractors, mining equipment, reinforcement iron, etc., are coming into Czechoslovakia through this connection. The firm's director, Emil Mujakic, likes to boast they have a 40-percent share in Czechoslovakia's imports from Slovenia, and that they are the most successful on that side. The enterprise grew of the former office, registered according to the host country's laws, established all commercial functions, built a warehouse, developed a service network and advertising, and instead of the previous 12 large customers, forged ties with 556 smaller retail distributors for individual areas. Of course, the big changes in the privatization process in Czechoslovakia contributed to this, and most of the above-mentioned merchants, in fact, are private businessmen with ambitious plans. One of Gorenje Prague's more important goals is to increase the level of trade as much as possible, and have a larger share of imports from Slovenia covered by exports from Czechoslovakia than in the past. That is why, in order to adapt to the political and economic changes in the country, the dissolution of the Czech Republic and Slovakia, Gorenje Prague intends to establish a daughter enterprise near Bratislava and thus keep the Slovak market as well.

#### [Box, p 4]

Up until now Gorenje has been primarily oriented toward the West, but it also sold a great deal to the markets of the former Yugoslavia. After the collapse of the Yugoslav market, it was necessary to seek new customers, and furthermore ones that would be prepared to buy products that are not always completely adapted to West European requirements. To be sure, commercial ties with East European countries existed previously, but they primarily involved clearing trade, with closed state lists and distribution quotas. Enterprises actually did not

know how to buy in the east and sell there in the real meaning of the word. Opening up these markets was a challenge to Gorenje; it made use of its experiences in trading with the West. It established enterprises in those countries, filled warehouses, and established ties primarily with private retail merchants there, who sprung up

like mushrooms after the rain. Its treatment of the market like a Western one, its goods "in front of the retailer's nose," its well-developed distribution network, and its solid service all turned out to be a bull's-eye. The most eloquent example of the lightning conquest of a market is Gorenje's penetration of Czechoslovakia.

**Tudjman on Intervention, Bosnian Ties**

*93AE0158A London AL-HAYAH in Arabic  
29 Nov 92 p 7*

[Article by Mufid al-Jaza'iri: "Tudjman to AL-HAYAH: 'International Military Intervention in Bosnia-Hercegovina Essential To Deter Serbian Aggression'"]

[Text] Zagreb—Croatian President Franju Tudjman has called for international military intervention in Bosnia-Hercegovina "to put an end, at last, to Serbian aggression there." He said, in an exclusive interview with AL-HAYAH, that neither his country nor the Republic of Bosnia-Hercegovina has sufficient power to respond militarily to the aggression and that the sanctions imposed on the Serbs were by themselves not sufficient.

He said that Croatia had an overwhelming interest in the future of Bosnia and in "supporting its survival as a sovereign state." He denied that his country had entered into "any agreement of any kind, past or present, with Serbia, for the division of Bosnia-Hercegovina." He confirmed that it was in the interest of Croatia and Bosnia to "establish closer relations, even a kind of federation between them." He alluded to the possibility of his country's resorting to military force to regain its territories currently controlled by local Serbs, "should there be no other course."

President Tudjman, who spoke to AL-HAYAH early Friday, viewed the future of Bosnia-Hercegovina as being "dependent upon the international community's taking more decisive measures to confront and thwart Serbian aggression." He indicated the inadequacy of the humanitarian aid offered to the Bosnians, "while Serbia continues its attacks on Bosnia, destroying its cities, and carrying out ethnic cleansing operations there."

**Military Intervention**

Addressing international military intervention in Bosnia, which, he stressed, was "absolutely essential," he explained his belief that it could possibly be limited to the use of air power with no need for sending more ground troops. He added that "it would be enough to aim air strikes at military sites of vital importance to Serbia in Bosnia-Hercegovina, and at airports inside Serbia used in the aggression" against Bosnia.

The Croatian president spoke to AL-HAYAH in the Presidential Palace, which was once one of the many residences of the late President Josip Broz Tito. Residences like this one are scattered throughout Yugoslavia.

Tudjman did not reply directly to AL-HAYAH's question about his government's position on international mediator Cyrus Vance's plan for a settlement on Bosnia-Hercegovina. He said in his response that the future of this country was linked to an internal agreement among representatives of the three sides involved—Muslims, Croats, and Serbs—to preserve their country. He said that he was sure that could be achieved if a confederal system was established there.

**Misunderstanding**

He made it clear that there was, in the beginning, "a kind of misunderstanding" in this regard. The Bosnian leadership "saw the possibility of remaining a central state for equal citizens," while the local Croatian leadership proposed "a state of three recognized groups." Now, their views are "consistent," as he said, adding that the Secretary General of the Organization of the Islamic Conference, Dr. Hamid al-Abid, with whom he met after his fleeting visit to Sarajevo on the 16th of this month, assured him that Bosnian leaders supported the point of view of the local Croatian leadership.

Tudjman said Croatia's policy had been "unwavering with regard to total cooperation with (Bosnia's) Muslims and support of the defenders of Bosnia-Hercegovina as a country of Muslims and Croats, particularly, as well as for the Serbs, who represent about one-third of its population." He confirmed that his country "was very concerned about a lasting settlement for ties between Croats and Muslims in Bosnia-Hercegovina."

He emphasized the importance of "achieving more unified defensive efforts on the part of Muslims and Croats in Bosnia-Hercegovina" as a condition for the survival of the country, indicating that that had been actually achieved recently, either through a pact between the two countries' presidents, or an agreement between the Croats and Muslims in Bosnia.

He said that "it was in Croatia's interests, and Bosnia's, for reasons having to do with political geography, to establish closer relations, even a kind of federation between them." However, he did not get into details of this proposed union when AL-HAYAH asked him a direct question about it.

He refuted persistent reports of the existence of a secret Croatian-Serbian agreement to partition Bosnia-Hercegovina, explaining that "besides the continued aggression against Bosnia, Croatia itself is still the object of Serbian attacks on its territories, launched from Serbian territory," and that Serbia's aggression against Bosnia "was aimed at areas inhabited by Croatians and Catholics, and Muslims were also targeted." He indicated, in this regard, that some Muslims considered themselves ethnically Croatian, while others considered themselves Muslim and nothing else.

**United Nations**

Replying to recent Serbian claims, the Croatian president denied that his country was preparing for an attack next spring on "the Croatian areas under Serbian control" at present, where United Nations units are now separating the two sides. He said that these units had accomplished some of their tasks, especially securing the exit of the former Yugoslav army from Croatian territory. However, he reaffirmed his country's insistence that the other tasks in the "Vance Plan" related to the regions be accomplished, chiefly "disarming those areas, and enabling emigrated Croatian citizens to return to

their homes there, normalizing their economic and public lives, and spreading the government and constitutional legitimacy throughout Croatia."

He said that his government was following the extent of the international protective forces' implementation of the Vance Plan, and threatened that his country "will not be prepared to extend the mandate of these forces should the plan not be implemented. Extending it, despite its failure (to implement the plan) would mean the toleration of the continued occupation by Serb extremists of parts of Croatian territory."

He went on to say that his government was "firm in its recognition of all the national rights and civilian freedoms of the Serbs in Croatia. But we do not accept any illegal actions, nor will we accept any talk of dividing these regions of Croatia (with Serb majorities) and annexing them to Serbia."

President Tudjman informed AL-HAYAH that his country would resort to military and legislative means to reestablish its government and sovereignty to the internationally recognized territories of Croatia. However, he did not rule out the use of military force to accomplish that, "should it be needed."

#### RSK's Zecevic Against Strengthening Sanctions

93BA0271B Belgrade BORBA in Serbo-Croatian  
17 Nov 92 p 3

[Unattributed report: "Letter From Zecevic to Butrus-Ghali"]

[Text] Belgrade—The prime minister of the RS [Republic of Serbian] Krajina, Zdravko Zecevic, has sent a letter to UN Secretary General Butrus Butrus-Ghali calling UN attention to the fact that the strengthening of the sanctions against the FR [Federal Republic of] Yugoslavia endangers the elementary functioning of the overall flow of life and of the economy in the RS Krajina, which is under UN protection and in practical terms is the hardest hit by sanctions, according to ISKRA.

"The FR of Yugoslavia is the only transit region through which Krajina has imported and exported raw materials, food, medicine, and industrial products," the letter states, adding that "the people of the RS Krajina will not be able to utilize the protection guaranteed them by the United Nations under the provisions of the Vance Plan." The appeal to Butrus-Ghali concludes with the request that this problem be brought before the Security Council, so that any new decisions by that body do not annul the force of provisions of the Vance Plan.

#### Sanctions Cause Increased 'Brain Drain'

93BA0271E Belgrade BORBA in Serbo-Croatian  
17 Nov 92 p 14

[Article by D. Nikolic: "Science Under Burden of Sanctions: Dark Days of 'Gray Mass'"]

[Text] Vlastimir Matejic: *We have practically no scientific and technical-technological cooperation with the world; it is estimated that by the end of the year around 1,000 scientists and prospective scientists will leave Serbia.*

"When I came home last night and, as usual, wanted to check my electronic mail, there was no signal. With disbelief I stared at an empty screen and became despondent when I realized that because of the sanctions we are excluded from a network that directly links us to the world."

This young scientist's story could be the perfect cue for the more than topical subject "science under the burden of sanctions." Because according to Federal Minister of Science Dr. Vlastimir Matejic, "there has been practically no scientific cooperation with the rest of the world since the embargo was imposed. That cooperation has been reduced to an unbearable minimum, aside from individual activities that are mostly within the context of personal communication. The majority of people with whom we make contact express their regret and say that this is a matter of respecting the decision by their governments."

Yugoslavia is excluded from most international projects. There are exceptions, but only sporadically. There is no access to EC programs, cooperation with all countries has been broken off, we are even excluded from communications (electronic mail), we no longer participate in programs within the framework of OECD, and worst of all, Dr. Matejic warns, the new initiatives that emerged as part of Japanese funds, the EC cost program, and others have been suspended.

Even before the latest war, the former Yugoslavia was known for its "brain drain," and the deep-rooted view at the time was that the owners of "little gray cells" were more often motivated by the desire to be left alone to pursue scientific research in well-equipped labs than by the desire for faster and larger salaries. The disintegration of the SFRY, the war, and the Security Council embargo finally transformed the intellectual elite into "players with their feet tied," and the ongoing exodus accelerated to horrible proportions. The people leaving include experts, university professors, college graduates, students in their final years of study, assistants.... Between January and August, around 200 scientists left the four largest Belgrade institutes alone ("Mihajlo Pupin," the Institute for Nuclear Science in Vinca, the Institute for Physics, and the Institute for Molecular Genetics and Genetic Engineering). That figure is doubled if one considers the period from 1990 to 1992. Half of the people originally involved in the Institute for Molecular Genetics (21) have left—and they were primarily the most talented ones, so that it is now almost impossible to recover, insiders say. Dr. Vlastimir Matejic estimates that in this year alone around 1,000 scientists and prospective scientists will leave Serbia, which is more than 10 percent of the existing research population, and significantly more than 10 percent of the population in natural and technical sciences.

"For now, this exodus is not being felt very much," the federal minister says, "since the needs of society and the economy are declining, but it will definitely be felt later to a real degree."

According to unofficial estimates, around 1,200 post-graduate students from Belgrade University [BU] have already fled "from a country that is not at war," and 20 to 30 employees have left the Department of Electrical Engineering alone. In addition, 200 students in their final years of study at BU are preparing for an organized exodus before long.... The number of those who are leaving is growing ever-larger, is becoming almost excessive, and has an abnormal tendency to grow. "If 5 percent of the total number of scientific personnel and youth were to leave today, 10 percent of those remaining would hit the road tomorrow. This portends a catastrophic situation for us," the federal minister warns.

The departure of the intellectual elite is an enormous loss, not only of "human resources" but also of invested money, because it costs between \$50,000 and \$100,000 to educate a young scientist. Another major loss is their possible contribution (if they had stayed).... All of this is only the "tip of the iceberg" that we can see, Dr. Matejic believes, "since this exodus is a very obvious indication of the stagnation of the societal community."

Asked whether there are "internal" sanctions in addition to the external ones, intended to serve as an "umbrella" to hide some people's own incompetence, the federal minister answered in the affirmative. In his exhaustive explanation, Dr. Matejic also advanced his vision of a federal ministry "through which science will (finally?) become that for which politicians have declared their support for decades." The optimism with which Dr. Matejic presents his ministry's project is not small.

"The problem of science under the blockade is great, but it has also covered up the problem of science before the embargo, and I think that it is moving toward covering up future problems as well. For me, the biggest problem in the FRY [Federal Republic of Yugoslavia] is its truly closed nature, which does not come from science, but is imposed externally, by other parts of society. What would it have been like without sanctions? In an economy and society that do not base their development on knowledge, science and new technologies, we would have continued to produce scientists and scientific results—primarily for others. Seen in this regard, the sanctions only added new motivation to the exodus of scientists, which would have been great anyway unless there were profound political, cultural, and economic changes. Therefore, the problem of science here, and thus of our entire society, is only partially exogenous, external; the biggest part is endogenous.

"As far as the outside world is concerned, the sanctions have isolated science from international surroundings, left it without significant scientific information..., and lowered the internal criteria of domestic science.... These

consequences will be more long-lasting, and for that reason we are looking for a remedy."

[Box, p 14]

#### EC Financing

It is possible to calculate indirectly how much the FRY has lost because of the sanctions. For example, Greece gets nearly 70 percent of the operating expenses for scientific projects from the EC coffers. Although the FRY is not a member of the EC, before the blockade it was possible to figure on EC money of 20 to 30 percent to finance research programs.

#### Retail Trade 'Poor' Due to Sanctions

*93BA0271C Belgrade POLITKA in Serbo-Croatian  
13 Nov 92 p 12*

[Article by Bogdan Trbojevic: "Difficult Situation for Merchants With Closed Borders: Collapsing Business"]

[Text] *The retail situation under the blockade is extremely serious; poor sales of furniture, washing machines, refrigerators, television sets....*

For the economy and commerce, the blockade, a sort of concentration camp (and our situation can surely still be called that), is just like a small pond for a big fish. At first glance, the retail trade is still relatively well-supplied. Some major stores, such as the "Beograd," "Cemarket," "Pekabeta," and "Gorica" department stores, are still managing to get by in the situation in which we find ourselves. Many private firms, thanks to their commercial resourcefulness, are in fact exceptionally well-supplied, even with imported goods. Many contend that their business is excellent.

However, furniture showrooms, specialized trade, and departments for household appliances, televisions, and other expensive goods are languishing from the effects of the money crunch. There are few buyers, and business has been more than decimated. The purchase of luxury goods, and even textiles and footwear, has been cut in half. The merchandise is too expensive for more than 90 percent of the population. And even those about whom it has always been maintained that they can buy anything they want appear to no longer be exercising that power and satisfying that urge. That conclusion can also be reached based on reports from furniture showrooms, where even the most exclusive suites are not selling, even at September prices. Merchants believe that the sudden shock of foreign money on the black market will once again revive sales.

All merchants, without exception, are complaining about the lack of cash. Almost no one accepts credit for the purchase of merchandise, because interest rates are high and that sort of transaction leads to a real catastrophe.

Not even the people at the Chamber of Commerce of Yugoslavia or at the Economic Chamber of Serbia could

tell us what all is happening in this collapsing market crucible, because for now such data are not available. Serbia will have this type of survey very soon, we were told.

#### Sales of Clothing Three Times Weaker

Here is what we were told about the current situation on the market by those who are successful and those who are still hanging on.

Branislav Atanackovic, the general manager of "Beko," says:

"The retail situation is extremely serious. The sale of goods has declined drastically. Last year we sold between 12,000 and 16,000 articles of clothing a month, but now it is 4,000, even though we are very moderate in terms of price. Although we are a well-known manufacturing and exporting firm, we are now living exclusively from sales on the domestic market, at our 89 shops and department stores. There is no export business. Besides our ready-made clothing, we also sell a supplemental assortment of products: knitted fabrics, leather goods, footwear, socks.... But the conditions for acquiring such articles are very difficult. All manufacturers are requiring payment within 15 to 30 days, but we sell merchandise on three-month credit. For this reason, we have switched over to commission sales for other people's merchandise. Every Saturday, we take inventory of our merchandise and pay for what has been sold.

"Although our prices are very moderate, a suit still costs three months' average personal income," Atanackovic continues. "Quite simply, it is all a feverish struggle for mere existence. Thus far, we have managed to keep pay somewhat above the Serbian average. On the 15th of every month, I undergo a test before the collective, because that is when salaries are paid. Otherwise, the situation in the textile and leather sector is catastrophic, to put it mildly. Between 70 and 80 percent of 'Beko's' business was loan transactions for foreign buyers. Now all of that is gone. There has been an enormous decline in purchasing power on the domestic market. The only question is who will come to a standstill first," Atanackovic emphasizes.

This is the picture at "Beko," whose clothing was well-known and valued in many European cities as well.

#### Only Food Is Selling Well

The situation at "Gorica" is different, because people cannot do without food.

Milivoje Stanojlovic, the general manager of "Gorica," told us this:

"We get 99 percent of our goods from domestic producers. However the producers fare is also how we fare with them. Given the drop in purchasing power, consumers have redirected their purchases primarily toward food items. Thus, we are nevertheless doing quite well in these troubled times. We have yet to record a drop in the

sale of basic food products: flour, sugar, cooking oil, bread, milk and dairy products, canned goods, and fine foods. However, our main earnings are in beverages, chemical products, cosmetics.... But the sale of these goods is experiencing a steady declining trend, so that now it has already been cut in half. That is part of the difficulty of our situation (despite the fact that we have customers), because we have become the population's suppliers of social articles. We have no problem paying for goods, because we always maintain a balance between acquisitions and disposal. In that we have an advantage."

Marko Ravnjak, the owner and manager of "Bulevar"—a retail and wholesale textile company, with three stores in Belgrade, Slankamen, and Veliki Popovic, says:

"I trade primarily in textiles and related products, such as thread, buttons, zippers, trousers, jackets, coats.... I have made good inroads into the market. I sell merchandise up to 50 percent cheaper from the same suppliers from which other businesses get their goods. I cover 75 percent of my expenses through wholesale.

"There are always goods available, and a selection of them, for good customers who can pay on time and in advance. Only through a lot of work, moderate prices, good service, and one's attitude toward customers can one succeed. My customers and my staff cooperate as in a good family," Ravnjak emphasizes.

#### Private Company Doing Well Despite Sanctions

93BA0271D Belgrade POLITIKA in Serbo-Croatian  
13 Nov 92 p 12

[Article by Blagoje Komljenovic: "Economy Under Blockade Conditions: Stronger Than Sanctions"]

[Text] *Despite the blockade, production at "Simp'o" is up by 2.5 percent and productivity is up by 12 percent over last year; two joint factories with "Dafiment Bank"; 50 family factories and workshops in Vranje; as soon as the sanctions are lifted, capital will arrive from Italy; next year, 80 percent of production for export, worth \$150 to \$180 million.*

What the "Simp'o" company, which is already a recognized colossus among furniture companies in Europe, is doing under our circumstances seems impossible, but that collective, with more than 5,000 employees, is showing that it is possible to do well even under blockade conditions. Over the past 10 months (for half of that time we have been under heavy sanctions), production has been 2.5 percent greater than during the same period last year, productivity has been up by 12 percent, all 14 factories are in operation, and no one is on mandatory leave. Earnings from exports before the sanctions were imposed came to \$60 million (half of what was projected, but more than last year), average wages are 300 marks (the lowest level being 200), the six-hour work day has been introduced, and the construction of new factories has not been abandoned.

"The three decades of our existence are responsible for the spreading of optimism and the fostering of hope that each successive year will be better than the previous one: greater production, productivity, profit, and earnings," is the interpretation of "Simplo" philosophy by Dragan Tomic, the company president, who has been the head of what is probably the most successful Serbian firm for a full two and half decades.

### Ready for Time Without Blockade

"Doing business under such conditions is no easier for us than for others," says Tomic, "but with us there is greater motivation to maximize our efforts and overcome misfortunes. Markets were lost with the disintegration of Yugoslavia, the embargo halted exports, and there are no raw materials to be had from imports. The 'Simplo' response was to efficiently and quickly adapt to anticipated changes and market challenges."

Seven years ago, "Simplo" dropped out of the Belgrade furniture fair. Not to run away from competition, but because of the material interest that is the precursor of all decisions. At the same time, exhibitions were organized at its own showrooms and stores (there are 70 of them) and foreign partners showed up; the displays were not simply for advertising and image-building, but primarily for sales. That is how things are still run today, although unfortunately there are no foreigners. But there are buyers. Even for rooms and suites costing 20,000 marks.

"The first day after the sanctions are lifted, we are setting out for Italy, France, Germany, Russia, and the countries of the East," Dragan Tomic stresses. "We have not abandoned a single market; our agreements are in effect, and business is waiting. With 13 private businessmen in Moscow, we are waiting to open a major 'Simplo' store, with 6,000 square feet of floor space. With Italians at four factories we are to exchange ownership stock, and we will be the first to bring foreign capital into the country after the deblockade. In cooperation with Greeks, we will produce kitchen sets and cabinetwork, and also with Italians kitchen and bedroom sets."

Projects for 12 factories have been completed, through which "Simplo" is living up to its slogan—not a single year without new and greater production. An agreement has been concluded with "Dafiment Bank" on joint factories for heavy furniture and for industrial equipment. With an investment of 10 million marks, "Dafiment Bank" will own 49 percent of the stock, with the rest in the hands of "Simplo" workers.

It will all be private and based on capital.

### Vranje as Como

Nothing at "Simplo" happens by chance or as the result of rash decisions. This is especially true of the ownership transformation, which the company is initiating cautiously. Experience from the East, and thus here as well, provides a warning that this is not an act of formally

changing organization and redistributing what does not exist, but rather an act of linking the destiny of each worker to profits.

"Everything here will become private, but nothing should be disrupted," Tomic comments. "Every factory will be owned by someone or be a joint-stock company, as will all sales facilities, but it is in everyone's common interest to preserve the totality of 'Simplo.' No one will be fired, and there will be new jobs."

There are indeed superfluous workers in this collective. For them, a huge, 20,000 square meter workshop will be built in Vranje, under whose roof 50 family factories and shops would fit. Anyone who does not have the capital to buy machines and equipment will have them bought by "Simplo"; the debt will be repaid through products. The family plants will make, say, plastic drawers, paper wrapping material, glasses, staples, ornamental nails.... Five million marks have been spent each year to acquire these "trifles" from Italy, Germany, and France.

The completely rational Dragan Tomic mentions the province of Como in Italy, where a thousand small furniture factories work successfully. Why could Vranje not become that as well, he asks.

The "Simplo" vision for the coming year of 1993 is to sell 80 percent of production abroad, and to earn \$150 to \$180 million dollars from that. Naturally, together with new records in production, productivity, profits, and wages. With an unavoidable "but"—if the blockade does not go on for much longer.

[Box, p 12]

### Confidence

"We have already realized one project worth 10 million marks with 'Dafiment Bank.' This is a commercial arrangement, and we have earned a joint profit. Now we are beginning to build two joint factories with a new investment from that private bank of 10 million marks. Afterwards, 'Simplo' will invest 41 million marks in furnishing the future business premises of 'Dafiment Bank,' the location and construction of which has been approved by the Municipal Assembly of Belgrade. Our relations are very proper, we believe in that bank, and we are certain that the capital is there. The fact that the successful have always been under suspicion here is something entirely different," says Dragan Tomic, the president of "Simplo" in Vranje.

### Document Proves Prevlaka Part of Montenegro

93BA0248C Belgrade BORBA in Serbo-Croatian  
9 Nov 92 p 6

[Article by D.V.: "Documents That Were Ignored"]

[Text] Podgorica—In yesterday's issue of the Podgorica POBJEDA there was an article by Dr. Radoje Pajovic, permanent adviser in the History Institute of the Republic of Montenegro, in which he presents new

arguments to support the thesis that Prevlaka should belong to Montenegro. The author, that is, refers to the decree establishing the Administration of Maritime Districts and setting forth of their territorial jurisdiction which was adopted in 1952 by the SFRY Government. According to that decree, the peninsula Prevlaka was awarded to the jurisdiction of the Administration of the Southern Adriatic Maritime District headquartered in Kotor. On the basis of this decree, and with consent of the chairman of the Council for Legislation and Construction of the People's Authority of the SFRY Government, Edvard Kardelj, the maritime minister of the SFRY, Maks Bace, issued Decision No. 1724 on 14 April 1952 concerning the territorial jurisdiction of the maritime district administrations, whereby "territorial jurisdiction of the Southern Adriatic Maritime District Administration, headquartered in Kotor, encompasses the region of the coast and territorial waters of the SFRY extending within the border which reaches to the inlet of Prevlaka, including the Prevlaka peninsula, the seacoast and territorial waters all the way to the mouth of the Bojana River, and from there along the national border of the SFRY along the Bojana River and Lake Scutari, including the rivers and canals navigable by maritime vessels."

Dr. Pajovic notes that it would be logical to assume that "the negotiations up to this point concerning Prevlaka, both at the level of the former Yugoslav republics and also at international conferences, took as their point of departure the decree of the SFRY Government dated 1 January 1952, which has been cited, and also the decision cited of the SFRY Maritime Ministry dated 14 April 1952." However, Dr. Pajovic mentions, on the basis of the press report, that is, the statements of the responsible officials, we might conclude that these documents have been ignored, which is incomprehensible, to put it mildly. At the end of his article, Dr. Pajovic concludes that "any border that would not adhere to this decree and decision of the SFRY Maritime Ministry would be arbitrary. What is more," he says, "it would not be in keeping with the doctrine of international law concerning natural and actual state borders."

#### Deepening Rift Among Serbia's Journalists

93BA0248A Belgrade NIN in Serbo-Croatian  
13 Nov 92 p 27

[Unattributed article: "Tara Must Fall"]

[Text] The divisions in the journalist's profession—and indeed even organization—are getting deeper and deeper. The Organizing Committee for calling the extraordinary assembly of the Association of Serbian Journalists [UNS], whose members are the journalists of POLITIKA, BORBA, VECERNJE NOVOSTI, Studio B, NIN, and many other editorial offices, scheduled an election assembly for 5 December. The initiative was taken back in June, because of the way in which the delegates were elected to the 28th regular election assembly of the Association of Serbian Journalists on the

Tara, and its boycott by a considerable number of the editorial offices also received support from the Commission for the Bylaws and Regulations of the UNS. After all, the report of the commission, which was signed by Dusan Pavlovic, Julija Bogojeva, and Slobodanka Vuckovic, confirmed once and for all the illegitimacy and illegality of the assembly referred to on the Tara.

In several cases there were violations of the requirement that for all the offices and bodies of the assembly the number of candidates must be at least twice as great as the number to be elected. The makeup of the Election Commission—Dusan Cukic, Dragomir Linc Djordjevic, and Vjekoslav Radovic—has been completely changed, because all those mentioned were also candidates on one of the election slates.

The Nominating Committee exceeded its authorities and violated the UNS bylaws by making up certain slates without a sufficient number of candidates and by replacing certain candidates with others (Filipovic-Trajkovic for the UNS Oversight Committee), bypassing parliamentary procedure.

The lapses of the Credentials Commission are that it validated such delegates as Dragan Remecki, Milorad Roganovic, Ljubodrag Stojadinovic, Milenko Sakotic, and Boris(I)av Ilic....

"The report was a surprise even for us in the Organizing Committee, because we did not even suspect that the abuses had taken on such proportions. But regardless of that, we are primarily motivated by the dissatisfaction of a large number of journalists with the work done so far by the association and the administration. Right now, there is chaos there, unlimited voluntarism. The size of the quorum is voted in each meeting, official information releases are altered," NIN was told by Dragan Janjic, chairman of the committee.

"The board of directors elected on the Tara sticks by the assertion that the 28th Assembly was legal and legitimate in all respects. The bylaws are violated by the commission that drew up that report," says Dragan Djordjevic, secretary of the Association of Serbian Journalists for many years. "The board of directors will not allow the journalists' organization with a tradition of 110 years to be split, nor the buildings of the association to be usurped. Let those who want to establish their own organization, but we are sticking strictly by the bylaws and there is no question of any extraordinary assembly."

The petition to call an extraordinary assembly of Serbian journalists has already been signed by 600 journalists. They do not want a new association, but transformation of the existing one.

#### Ruling Party Against Independent Trade Unions

93BA0248B Belgrade NIN in Serbo-Croatian  
13 Nov 92 pp 28-29

[Article by Miroslav Vujovic: "The Trade Union(s): Dirty Hands"]

[Text] Will there be a general strike next month as has been announced by the SSSS [Federation of Independent Serbian Trade Unions]? Judging from the opinion of metalworkers gathered in the NS [Independent Trade Union], there most probably will not be a strike. After all, they say, the "official" trade union favors a strike only in what it says, but actually it is praying to God that the workers—hungry, thirsty, unclothed, shoeless, and afraid of losing their jobs—will say the same thing on the questionnaire offered them the other day by the state trade union (for or against the strike) that the people said in the recent referendum on the question of an early election.

Be that as it may, the absurdity is complete: The trade unions are multiplying, and pay envelopes are getting skinnier.

Is anyone, then, successfully protecting the workers, or has the government managed to shatter, crumble, and weaken the trade union movement?

Hardly anyone is protecting the interests of the worker today. Serbia's trade unions have remained what they were in the communist period—"the long arm of the government"; more accurately, of the incumbent party. "In crafty collusion with the Government of Serbia, the republic trade union is used for deception, to support the Topcider policy of phony money, empty promises, and the purchase of social peace by petty bribery of the rank and file with sides of pork, flour, and oil...", says Darko Marinkovic, M.A., scientific researcher and director of the Center for Trade Union Development of the SSSS.

The incumbent party and the current government, Marinkovic notes, have judged well that strong and independent trade unions are a greater threat to them than the political opposition, so they are doing everything to prevent them from getting stronger. The fact that this is brutal tyranny on the part of the Serbian regime, Marinkovic explained, is sufficiently evident from the fact that the government has not adopted any law on the trade unions. Instead, it has only issued a decree on registration of trade unions which legalizes the unequal and privileged position of the state trade union as compared to the others. (That is why the government of Serbia and its prime minister Radovan Bozovic consent to talk exclusively with representatives of the "official" trade union.)

#### Renters

How much the Serbian Government fears democracy is also evident from its law on strikes, which makes the strike practically impossible, or, Marinkovic says, from the fact that the minimum price of labor has not been established by law, but by collective agreement, which allows everyone to do what he pleases, or from the law on employment relations, which does not contain even the minimum of indispensable provisions concerning the freedoms of the trade unions.

It is indisputable that the answer to the question of what kind of freedoms the incumbent SPS [Socialist Party of Serbia] advocates is to be found in Article 55 of its bylaws adopted at the congress of that party held recently. The Socialists—obviously paying no attention to the Constitution nor Convention 87 of the International Labor Organization, which, as the supreme legal document of Serbia, guarantees the right to organize—have ordered their members to join the trade union which their party specifies!

Perhaps it is beside the point to observe that the Socialists and the state trade unionists have been and remain Siamese twins, but it is not beside the point to take a peek at least at certain shady dealings of those who consider the government "the only authentic and non-traitorous representative of the working class." It is no secret, for instance, Darko Marinkovic relates, that recently, without the knowledge of the membership, the fifth floor of the building of the Serbian Trade Union at No. 14 Mosa Pijade Street in Belgrade was leased to the Bank of Vojvodina. Nor is it any secret that the rent money, instead of going into the trade union treasury, is going into envelopes of trade union officials, but the contract leasing that office space, that is, the price being paid, is in fact a secret to many people in that trade union. Because the lease is in someone's drawer, people here suspect that that floor has formally been rented for a song, for only 4 or 5 marks [DM] per square meter (the actual price is DM40 to 50), and that naturally someone is putting the difference up to the real amount in his pocket(s). Or, they say, there is some other angle in the deal with the bank as a subtenant.

#### Those Who Are Holding Back

After the disintegration of the large Yugoslavia, renters entered even the building of the Federal Trade Union, and the remaining "personnel coordinators" with new ideas are striding the corridors of this building.

To be sure, some who until yesterday were leading officials of the trade unions have left their old positions and gone over to the NS for "fresh blood."

"This is where we were really taken in. Those people came here with the same ideas that they supposedly had renounced. Today, they are the main thing holding back the NS. After all, instead of fighting for our membership, they are fighting for their own power. That is the case with Dusan Mitrovic, former secretary of the Council of the Federation of Serbian Trade Unions [SS], Milan Nikolic, president of the Independent Trade Unions of Rakovica [SS], Dragan Subotic, member of the Presidium of the Council of Independent Serbian Trade Unions [SS], Nebojsa Savic, former member of the Presidium of the Council of Serbian Trade Unions...", says Mihajlo Radic, president of the Independent Trade Union of Serbian Metalworkers [NS], and he adds that the general politicization in society has even infected the NS, which is why their headquarters in recent years has been turned more to political problems than union

problems. Radic illustrates this state of affairs by citing the division in the leadership of the Unified Industrial Union "Independence" [NS] over joining DEPOS [Democratic Movement of Serbia]. But he hopes that the upcoming assembly of the NS, which will be held before the end of this year, will decide some of the present disagreements and turn the helm in the right direction: toward the struggle for a decent life for the worker.

Now that we have mentioned the helm, although it is within reach of Jezdimir Vasiljevic, better known as Master Jezda, it seems he has no intention of steering his "St. Stefan ship" toward worker waters. Master Jezda is a businessman and therefore has no time for conversations and meetings with the workers. So in response to the recent demand of the "rented" workers for formation of an independent union [NS], Jugoskandik's telegram arrived from Belgrade letting the recalcitrants know clearly that Jugoskandik does not approve formation of a trade union, because this, it says, is against its business policy. Thus, the verdict of Vasiljevic-aga.

#### Frightened

Things being what they are, when the figures say that 90 percent of the inhabitants of the FRY [Federal Republic of Yugoslavia] are on the poverty line, that in Serbia alone there are more than half a million people on mandatory leave, when the calculation of the trade unions of Yugoslavia says that there are 22 hands in the pocket of one worker, why have the workers not gone into the streets already?

"The workers are frightened. The people on mandatory leave are afraid to strike, because they fear they might lose their job because of it. Many went off onto mandatory leave without any paperwork at all, although it is well-known that they should not have been sent home. A worker, say, with two minor children and an unemployed wife, after all, cannot be sent on mandatory leave. He is a social welfare case everywhere in the world even when he is working. These people are intimidated, they get some little nest egg and they wiggle this way and that to survive and hope that their job will be waiting for them tomorrow. In order to get votes, the government is trying in the face of all economic logic to keep alive with an injection of worthless money what died long ago or has all but died," says Dr. Sreten Sokic, professor in the School of Political Science at Belgrade University and vice president of the "Independence" Trade Union [NS]. Professor Sokic also says that the government trade union cannot deal with the accumulated social ills, because it, by the logic of its survival, is working more to defend the government than the membership. It has been proving this countless times, Dr. Sokic remarks, citing certain examples, among which he particularly singles out the refusal of the government trade union to fight for a minimum wage not only with words, but also with an action that would be calculated according to the so-called market basket of the cost of living, with verbal support of the strikes, which it is deceiving, and by going to centers of political power for "their own" opinion.

Is there a chance that the trade unions—obviously disunited, in conflict, and quarreling—will find at least a minimum of a common language?

Darko Marinkovic, M.A., answers this question by proposing that a roundtable discussion be organized like the one between the government and the opposition, but, unlike the political one, it would be a standing institution.

Marinkovic believes that the solidarity of the trade unions also contributes to their individual power, which, to tell the truth, is almost negligible at this point.

No one knows if there will be a roundtable. We only know that patience is running out for the "Swedish table."

#### Central Bank Governor on Devaluation

93BA0271A Belgrade BORBA in Serbo-Croatian  
17 Nov 92 p 3

[Article by J. Kesic: "Vuk Ognjanovic, governor of National Bank of Yugoslavia, on Devaluation: Blow to Monetary Policy"]

[Text] *By mere virtue of the latest shift in the exchange rate of the dinar, prime issue will have to increase by around 100 billion dinars by the end of the year; without accompanying measures and an economic program, devaluation can have only negative effects.*

The Federal Government should not have carried out a devaluation of the dinar in this way, because as an isolated measure without all the other accompanying measures and an economic program, it will provoke an explosion with all the negative consequences. This shift in the exchange rate will bring us only problems with monetary policy and new problems with imports, which will be more expensive, and with paying off the foreign debt, which will similarly grow more expensive.

This was the assessment of the government's devaluation decision voiced by the governor of the NBJ [National Bank of Yugoslavia], Vuk Ognjanovic, in an unofficial interview with journalists yesterday, explaining that devaluation will inflict a terrible blow on the monetary framework. "Our appraisals are that by mere virtue of the shift in the exchange rate of the dinar, we will have to increase prime issue by 100 billion dinars by the end of the year, so that during the fourth quarter it will amount to over 360 billion dinars instead of 262 billion.

"The Central Bank has invested a great deal of effort in tracking real transactions from prime issue in order to revive part of production and enhance the supply of goods, and then through production and the inflow from exports to create the conditions for a realistic shift in the exchange rate of the domestic currency," Ognjanovic explained.

"The only people to benefit from this devaluation will be old foreign-exchange depositors, who will continue to be

able to withdraw the dinar equivalent of 150 German marks, but the dinar should not have been devaluated just for that," the NBJ governor believes. The Central Bank offered some solutions for old foreign-exchange savings, but the government has had nothing to say about them. The goal is to preserve the full value of those savings, but that can be achieved either by offering property to foreign-exchange depositors (parts of companies, land, business space...) or by telling them that their entire debt, including foreign-exchange interest, will be settled in two years.

Asked by the journalists what motivated the government to carry out the devaluation right now and on its own, and whether there were political reasons, Ognjanovic responded: "I do not want to get into that. The NBJ has long opposed devaluation, and the Federal Government's argument for conducting it was the major increase in prices since 1 July, the date of the last devaluation, and the need to somehow balance the exchange rate with that."

**Banks Ignore Central Bank's Exchange Rate**  
**93BA0250A Belgrade BORBA in Serbo-Croatian**  
**12 Nov 92 p 12**

[Article by B. Stepanovic: "The Banks Are Dictating the Tempo"]

[Text] "Margaret Thatcher said quite simply, 'If what you want to do is to destroy your people, then just allow the currency to lose value.' We, you see, are just about to see how right she was. The question for us is why the price of the dinar is falling again after a relatively lengthy period of stability," answered Mirko Piljak, director of the Belgrade Merchants Bank, one of the rare banks that is doing business quite successfully and also according to the law, that is, they are not involved in speculation even in the kind of "business climate" we have.

"There are several reasons for this sudden rise in the exchange rate of foreign currencies. The exchange rate on the black market has stayed the same for about two months, but during that time interest rates on the money market have been over 50 percent, so that it was more profitable to save dinars than to save foreign currencies under the mattress. The second reason is the flood of money, to be sure, mostly credit, with which foreign currencies are very frequently being purchased on the black market. The third reason—actually more of a pretext—is establishment of a stimulated exchange rate for the purchase of housing, which could have been done in a much simpler and more elegant way without causing reactions of this kind on the black market. Why was it not simply made possible to pay with foreign currency? Fourth, the essential reason for the 'wild behavior' of the exchange rate is the total disregard of regulations of the National Bank of Yugoslavia [NBJ] whereby banks cannot buy foreign currencies at a higher exchange rate than the one officially established on the interbank meeting," says Mirko Piljak.

"I do not understand how the banks can pay more for foreign exchange than the established exchange rate of the National Bank. When something like that is already being tolerated, then we should proclaim that the laws are no longer in effect, so that everyone can do what he likes, because this way those who respect the regulations end up being punished. It is indispensable," Piljak believes, "to occasionally adjust the official exchange rate for price movements and in this way establish a realistic value of the domestic currency. It is also essential to conduct monetary policy restrictively, in addition to strictly fixing the necessary amount of money in circulation, which means reducing the amount of credit money and cash. It is well-known that every dinar should be covered with commodities, which is not the case in our country, but we are putting cash into circulation."

"This policeman is beginning to get on my nerves. Yesterday, they came to buy foreign exchange from me, and today they are getting in my way—they are cracking down on smuggling. And they know very well that we are like weeds—you cut them down here, and they spring up over there," comments a street dealer on Terazije, who after the raid actually paid for his "work station." "Today," he says, "the mark costs 590 dinars, and that is the last price. Tomorrow it can only be more expensive—if by 1400 fresh money arrives from the bank, the mark will jump up, if not, you can freely buy it even tomorrow. Go and ask the other dealers—they are loaded with foreign exchange, but they are short of dinars."

Exchange-rate fluctuations are now a worry not only for those who are still earning so much that they can set aside money even to buy foreign exchange, but also all those people who turned their household "foreign exchange reserves" into dinars, attracted by the high interest rates. According to the unofficial explanation of one banker, that is precisely what the big private banks were counting on when they offered astronomical rates of interest on dinar time deposits and in that way took in immense quantities of cash. The foreign exchange was not loaned out, but is now being put into circulation at a drastically higher exchange rate. In real terms, they thereby reduce the value of the rates of interest which they must pay. That is precisely the problem of the savings depositor—at the end of the term will he be able to withdraw his original deposit at all if the mark "goes sky high"?

"The question of what is happening on the foreign exchange market is more one for the police than for the bankers. Certain banks collected such amounts of cash even earlier that now they can do what they want. Control is no longer in the hands of the National Bank of Yugoslavia. Now they are all pretending not to know where the surplus of cash in circulation came from when the National Bank has been approving primary note issue solely for selective purposes, as though the situation and the movement of money could not be seen quite well through the Social Accounting Service. The government became involved in the whole affair through the

purchasing of housing, for which the banks have mainly been using credit money," BORBA was told in an interview. As far as the forecast for the future movement of the exchange rate is concerned, according to his assessment, unless yet another "blow" of this kind is caused, the mark ought to stay at 600 dinars for some time yet.

We should mention in conclusion yet another unofficial comment obtained from a banker who "is merely looking on at what is being done, but not taking part":

"There are dinars, and there will be still more, at least until the election. The voting machine must not be left without money just before the election. Thus, the workers are receiving their wages, although they are not working at all, the pensioners are receiving their pensions with all the raises, yet the fund is completely empty, while the politicians leave the impression that the sanctions are like a gift from heaven for them. The bills will come due only after the New Year, but now, of course, no one is thinking about that."

#### **Bank, Government Struggle for Monetary Power**

93BA0250B Belgrade BORBA in Serbo-Croatian  
13 Nov 92 p 6

[Article by J. Kesic: "The Battle for Monetary Power"]

[Text] Belgrade—Who will have monetary power in Yugoslavia—the Federal Government or the National Bank? is still the most debatable issue related to the Law on the NBJ [National Bank of Yugoslavia]. The Federal Government has 30 amendments to the most recent version of this document (the third so far) which the Central Bank has submitted as the sponsor. They were supposed to be debated yesterday in separate sessions of the deputies of the two committees for the credit and monetary system of the Citizens Chamber and the Chamber of Republics, but they postponed debate because they received the amendments immediately before the session began.

Who is supposed to conduct the policy concerning the exchange rate of the dinar? is one of the most debatable questions on which the Federal Government and the NBJ still do not agree. The proposed version of the law states that it is to be conducted by the Central Bank, but Vuk Ognjanovic, governor of the NBJ, has explained that monetary policy and the exchange rate of the dinar are closely connected and cannot be separated. Should they be separated, monetary policy would no longer be integral. Slavoljub Stanic, deputy federal minister for finance, made the case for the opposite opinion of the Federal Government and its amendment. He said that the government, which establishes overall economic policy, should also fix the exchange rate of the dinar as one of its most important elements.

There is also disagreement between the government and the NBJ on many other issues, but one of the most interesting is who should be the owner of the NBJ. The

bank believes that the Central Bank ought to be a joint stock company in which 51 percent of the capital would be held by the government, and 49 percent by other stockholders. Governor Ognjanovic, however, says that the Constitution precludes the possibility of the NBJ being a joint stock company.

In the debate of the deputies, many more arguments were heard in favor of the Central Bank. Thus, Oleg Golubovic recalled that this committee supported in principle a proposed version of the law still earlier and advocated the greatest possible independence of the NBJ in the conduct of monetary policy. "If we take from the Central Bank the right to conduct the policy governing the exchange rate of the dinar, then we have taken from it the cornerstone of monetary authority," Golubovic believes. Milan Gajovic holds a similar opinion; he said that governments come and go and that they must be mindful of the interest of the parties that make them up. That is why he feels that greater authority should be given to the NBJ, whose policy can be influenced only by dismissal of the governor in the Federal Assembly.

The National Bank has received the support of the deputies in principle, but we will learn what the definitive position is on Monday, when they are to begin to take specific positions concerning the government's amendments.

[Box, p 6]

#### **Disagreement**

During the debate of the proposed version of the law on the NBJ, Milan Gajovic, deputy of the Democratic Party of Socialists of Montenegro, favored making the main branches of the NBJ in Belgrade and Podgorica juridical persons (because the national banks of the republics are being abolished). This would not jeopardize the functioning of monetary authorities, but it would facilitate more efficient and effective servicing of obligations.

Disagreement with this demand was expressed by another deputy from the same republic and same party, Branko Kostic. He believes that this kind of demand could be counterproductive, because if the same position is taken by the Montenegrin delegates in the Chamber of Republics, then there could be a blockade against adoption of this law. "The demand to make the main branches juridical persons is pouring oil on the fire and could cause divisions and major political problems."

"We look differently on the concept of the state of Yugoslavia," Kostic said, and Gajovic immediately agreed with that observation.

#### **Macedonian Council for Interethnic Relations**

93BA0182A Skopje NOVA MAKEDONIJA  
in Macedonian 27 Oct 92 p 3

[Article by K.C: "Ethnic Membership for Every Candidate in Draft Resolution on Interethnic Relations Council"]

[Text] Previous council members are to declare their ethnic memberships—such was the finding of the Interethnic Relations Commission. Comments were also made on enactment of a public attorney law.

The draft resolution on establishment of an Interethnic Relations Council is incomplete and so must be returned to its sponsor for additional work. The resolution must indicate the ethnic membership of every candidate, and previous council members are to be called upon to state themselves the ethnic group to which they belong. A special provision is to define the mandate that members of the Interethnic Relations Council will have and will specify whether this mandate will be linked to that of the nation's president or to the Assembly's mandate.

This is the conclusion reached in yesterday's proceedings of a session of the Interethnic Relations Commission (chaired by Dosta Dimovska) dealing with the draft resolution on establishment of an Interethnic Relations Council.

Two of the commission members, Kiril Kovacevski (VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity]) and Vladimir Golubovski (VMRO-DP [Internal Macedonian Revolutionary Organization-Democratic Party]), believe that there is no need for formation of an Interethnic Relations Council, and that in a way formation of such a council would tend to imply that there is something wrong in the country, in essence that relations that do not exist are imperiled. According to them, a better solution would be to have a permanent Assembly working body with jurisdiction over interethnic relations. This body should be renamed, or converted to another body—one dealing with protection of minority rights.

Vladimir Golubovski, Stoile Stojkov (VMRO-DPMNE), and Slave Naumovski (RSM-LP [Reform Forces of Macedonia-Liberal Party]) noted that one of the draft resolutions contains Muslim as a category. All of them disputed the use of Muslim as an ethnic category. A Muslim is a member of a religious rather than an ethnic group, in that no Muslim ethnic group exists in the world, as was pointed out in the discussion.

It was proposed to the Interethnic Relations Commission that the council include no presidents of political parties, but if the decision is made to include them, the council membership should be determined by the representatives in the Assembly.

The commission supports the proposal of enactment of a personal name law in which, as was pointed out, the proposed solutions reflect the spirit of the new democratic society and are based on the Constitution of the Republic. This new draft no longer contains the controversial provision of several earlier versions that personal names be registered in the languages and alphabets of the ethnic groups, concerning which the sponsor's representative, Pavle Trajanov, stated that it is going too far to be discussing the law on vital statistics records.

The Legislative Commission was also in session yesterday; it decided that there is a constitutional basis for the proposed enactment of a personal name law. A draft law on the public attorney submitted by representative Zoran Krstevski received a negative response and many comments were also made by members of the Legislative Commission. It was demanded that the duties and powers of the public attorney be more closely defined in such a law because of the complexity of relations with the courts, the Judicial Council, the government, the Assembly, and the Enquiry Commission in this constitutional category.

The Labor and Social Policy Commission yesterday devoted the most attention to information on student living standard conditions in the Republic of Macedonia and recommended measures to be taken. Accepting the measures as a method of resolving crucial problems, the commission concluded that there is need for the most prompt possible enactment of a law on pupil and student living standards and for allocating funds for this purpose in the revised budget, and also came to the conclusion that the Goce Delchev barracks should be converted for use as a student dormitory.

#### [Box, p 3]

#### Proposed Council Members

According to the draft resolution, the Interethnic Relations Council is to consist of a chairman and 12 members. Proposed as chairman is Stojan Andov, president of the Assembly, while candidate members to be proposed by the president of the Republic and approved by parliament are Jordan Deskoski, attorney; president of the Chamber of Attorneys of Macedonia, Gjorgji Spasov; scientific associate of the Institute of Sociologic and Political-Legal Research in Skopje, Skuri Rahimi; retiree living in Skopje, Saban Zendeli of Kumanovo; Amet Abdula Kanzoski, attorney of Kicevo; Erol Hade Hasan, attorney of Skopje; Niko Pop Nikola, retiree living in Bitola; Jorgo Kjuka, general director of OHIS-Skopje; Abdi Faik, representative in parliament; Iliaz Zendel, employee of the Commercial Bank of AD-Skopje; Bosko Despotovikj, retiree living in Skopje; and Ferid Muhikj, professor at the College of Philosophy in Skopje.

#### Speculation About Alleged Attack on Halili

93BA0184A Skopje NOVA MAKEDONIJA  
in Macedonian 29 Oct 92 p 4

[Report by Panta Dzambazoski: "Conspiracy or Political Marketing?"]

[Text] According to Nevzat Halili, PDP [Party for Democratic Prosperity] chairman, who was addressing compatriots in a Chicago mosque, "shots were fired but I was not the target." Were the two Albanians who died in the exchange of fire victims of Bali-Kombtar, or, as some claim, were they Halili's personal bodyguards?

Almost nothing was heard or known about last month's tour of the United States and Canada by Nevzat Halili, the PDP chairman, and by Naser Ziberi, the representative. According to official PDP sources, the purpose of the trip was to speak about the party and conditions in Macedonia, and to explain some steps taken by the party's leadership, among them the one most mistrusted and questioned by the Albanian emigres, the participation of the PDP-NDP [National Democratic Party] in the new Macedonian Government. Naturally, another purpose was to collect funds from compatriots.

Then, the news reached us from the United States that an attempt on the life of Nevzat Halili had been made in Chicago. Initially, it was being said in Tetovo that no one had seen Halili for quite some time, that he had been killed, and that the PDP was keeping silent on this matter. Several days later a new version emerged: Halili was alive but gravely wounded. He had been seen but was being treated and was not going anywhere.

Nevzat Halili himself denied all such news. He came back in perfect health without losing even a single hair. As to whether there was an attempt on his life in Chicago, for the time being at least it is very difficult to assert with any degree of confidence. The people say that where there is smoke there is fire. Fire there was, quite a lot of it (from automatic weapons), but who was it aimed at?

#### A Hail of Bullets

According to our information, Nevzat Halili, the leader of the PDP, addressed Albanians in the hall of a mosque in Chicago. His speech was repeatedly interrupted by shouts of indignation and whistles. He was accused of being "a traitor to the Albanians; that he was not Albanian; that he had recognized the Republic of Macedonia; and that he was not struggling for the creation of a greater Albania...." Halili's greatest "guilt" was the fact that the PDP was a member of the Government of the Republic of Macedonia. Having decided that he could not conclude his speech, Halili stopped speaking and, according to some information, as he was leaving the hall there was some jostling and shots were fired from an automatic weapon, in the course of which he was almost killed, although two people, most likely his bodyguards, were wounded. One of them was from Tetovo and the other from Kosovo. The perpetrators were members of Bali-Kombtar, an extremist Albanian-emigre party, which had been active since the war and whose main objective is the establishment of a greater Albania, no matter the cost.

We heard a similar version of the events in Tetovo, with the difference that one of the assassinated individuals was not from Tetovo but from the Kicevo area.

For quite a while our efforts to be directly in touch with Halili remained unsuccessful: "He is not here, he is traveling," and so forth. Meanwhile, the information

concerning the events in Chicago was published in ILIRIJA, the Albanian newspaper in the United States. It states as follows:

"According to the organ of the Kosovo Democratic Alliance, dated 28 September 1992, originating from New York, at the end of a meeting organized by the Albanians in the hall of a mosque in Chicago, as people were leaving the hall, a hail of bullets from an automatic weapon were fired at the Albanians, causing the death of Agim Gasi, born in 1956 in Vustri, in the Kosovo area. In the 1970's Gasi emigrated to the United States and had struggled throughout his life for the liberation of his native Kosovo, and he was active in all Albanian demonstrations in Chicago."

Among others, the information mentions a leaflet stuck on the mosque's gate that read "There is no place for Albanians here." It is being said that the FBI is analyzing the leaflet.

#### Shots Fired by Bali-Kombtar or Serbs!

The Chicago HERALD NEWS also reported the firing in front of the mosque, claiming that the assassinated Agim Gasi was in a group of some 80 Albanians who were waiting for the appearance of Nevzat Halili, "the president of the Albanian delegation from Macedonia." Wounded in the shooting was the young Mitat Losi, who was taken to the Maywood Medical Center.

In their comments, the newspapers in the State of Illinois (United States) wrote that "everything seems to indicate that the assassination of our compatriot Gasi is of a political nature."

Prior to our discussion with Halili, we met with Mahi Nesimi, the party's spokesman and a member of its Presidency. He told us that the party believes that the event is not of a political nature, or at least that it has nothing to do with the PDP. The members of the Presidency did not even discuss the event. On the day it happened, Naser Ziberi was not in Chicago but elsewhere. The PDP has branches in the larger cities in the United States and Canada. However, it is only Mr. Halili who could speak about this, Nesimi said.

Nesimi also explained that Halili was not poorly welcomed by his compatriots, as we had been told. It is normal, he said, for Albanians in the United States to be insufficiently informed, for which reason the purpose of the visit was precisely to inform them. Many of them did not understand why the PDP is a member of the Macedonian Government, Nesimi said, adding that the same question has been raised in many branches in Macedonia, and that members of the PDP leadership had traveled to cities and villages to inform the people. He also confirmed that Halili had spoken in the hall of a mosque and that the shooting took place outside the hall, and that this may have been a settling of accounts among groups within the Bali-Kombtar or that perhaps the incident was provoked by Serbs in the United States.

Mahi Nesimi also told us that Bali-Kombtar no longer has the importance and strength it enjoyed prior to the establishment of a multiparty system in Kosovo and Macedonia and, above all, in Albania, which was the subject of the party's greatest concern. Today, according to him, that party has split into groups whose political actions are of minor importance. Finally, Nesimi said that to the best of his information one of the casualties was from Kosovo and the other one from Velesta, a village near Struga.

#### **Halili: 'This Has Nothing To Do With the PDP'**

We were able to meet with Nevzat Halili, the PDP chairman, late in the afternoon, following his return from Pristina, where according to our sources he held a working meeting with the leaders of the Kosovo Democratic Alliance.

With a "heavy heart" Halili discussed the situation, pointing out that there was no need for such a discussion, for the event was not of any interest to the PDP. He told us that the visit had begun in Geneva and ended in the United States. The PDP has seven branches in the United States and one in Canada, and wherever there were branches there were also meetings and discussions with compatriots. Such visits, he said, were of a purely party nature and as to the event, he said that he heard the shots but that they were not aimed at him. Whether this was a shoot-out among some groups of Albanians, in the course of which two people originally from Kosovo fell victim, or else shots fired by members of a "Kosovo Serb" organization in the United States, he claimed not to know. Whatever the case, it was not anything involving the PDP or a matter with a political background, and they were expecting for the FBI to investigate the case and inform them, we were told by Halili.

We were told that no advance information had been supplied on the meeting at the Chicago mosque or on the occasion of other meetings in the United States, and that after the shoot-out, in the course of which Agim Gasi's body was almost cut in half by the bullets, the FBI had warned the representatives of the PDP that in the future they must inform the FBI in advance whenever such meetings are to be held.

This case will most likely be solved. And although the United States and the FBI are very far away from us we shall certainly be informed of the final truth as to what precisely happened in Chicago on 28 September. Until then, there will be a variety of interpretations of the event. We recently heard from a member of the leadership of the Albanian Democratic Union-Liberal Party of Macedonia that the shoot-out in Chicago helped Halili's team to claim that an attempt on his life had been made and thus improve his rating among his sympathizers. He also cited as an example the boycott of last year's Macedonian population census by the Albanians. "At the time that Halili's rating was precipitously declining, he was sentenced to 60 days in jail for boycotting the census and urging other citizens to boycott it, which was

followed by protests filed by Albanians, letters, and telegrams.... Meanwhile the rating was precipitously improving," our interlocutor said.

#### **Mayor of Skopje Discusses Problems, Plans**

*93BA0098A Skopje PULS in Macedonian  
15 Oct 92 pp 17-19*

[Interview with Pavle Konstantinov, mayor of Skopje, by Mirka Velinovska; place and date not given: "The Exposed City"]

[Text] *The City Assembly, that is, the city legislative authority of Skopje, has not functioned for a year. The blockage of assembly work is due to the relations of political forces. In other words, this would have to be characterized as a stalemate. In the meantime, city life, in spite of the relations of political forces, cannot fade away. PULS wanted someone to acknowledge whether or not the executive body maintains the city; that is, the entity that is listed as an Executive Council of the city in our political nomenclature. Pavle Konstantinov is the head of the city's executive body. He is one of those controversial individuals who are, because of the way that the hierarchy functions, convenient for daily political attack. Up to now his name has been connected numerous times with different "scandals," but he has rarely been given an opportunity to describe, or at least to explain, his experience in the improvisation of city life.*

[PULS] The Macedonian metropolis, or the citizens of one-third of the Macedonian state, from the elections here have not experienced feeling the blessing of the existence of a municipal body. They voted for it, but in daily life they have not felt it!

[Konstantinov] That is because there is an assembly blockade, but I do not want to go into its genesis, into the causes that led to it, nor into the blame for its origin. The executive body—insofar as it is possible to speak of a system of authority within the framework of the Assembly of the city of Skopje—according to statutory and clerical regulations takes care of all situations in all spheres of public life. In an urban framework the changes in the responsibilities express this most visibly in the communal area, which up to now, in fact, has been incapable of adapting to the new times. The decisions that regulate this matter are more or less outdated, and therefore we are still clinging to formulations of the type of "broader" public interest. The decisions that regulate this matter do not allow us the possibility of rebuilding in a new way, or achieving that which was our position in the visit made by the two members of the Executive Council to the Republic of Slovenia and the Republic of Croatia. According to the bulk of the materials it is quite clear that they are far ahead in solving communal problems, but these achievements of theirs are not applicable in our city for two reasons; first, because the assembly cannot provide security in this normative part, and second, because we are destitute. The economic base

is far from what is needed. The investments needed in the communal area in Slovenia and in Croatia are 10 times larger than that which we can grant.

[PULS] Is the blockade of the assembly interfering with the passage and preparation of new work programs?

[Konstantinov] Of course it is blocking them; in the meantime, in the area of city planning and communal transportation for the current year, the Executive Council has made sure that the appropriate programs are being passed by the relevant ministries. The programs are designed very realistically. Everything that is programmed is being accomplished. This evaluation pertains both to last year and to this year. No megalomaniac programs have appeared in order to see what will happen, so that we do not go from year to year with uncompleted, unrealized work. This means that strict planning for work is necessary.

[PULS] Are you moving into work of a legal nature because of the blockade of the assembly?

[Konstantinov] We are deeply aware of the risks that our jobs bear. We are struggling to respect thoroughly the pressures concerning the material and moral criteria in working and concerning the criminal aspects of activities that do not have established standards, and to carry out the programs themselves with such regulation. Here is an example: It was planned technologically that we carry out our work in the assembly agencies and services. Because it was not feasible to acquire complete computer equipment and a new system last year, the 200,000 marks, or 2.6 million dinars, provided now are worth really what it costs for two personal computers instead of the 200 that we had intended to buy. This means that it may be said that the delay in decisionmaking is doing great damage, as is the lack of functioning of individual activities in the city. Therefore, the outlines of the program that were proposed to the assembly in October of last year, and were not and have still not been passed, could not be implemented. In these conditions the Executive Council provided for a realization of the program and uncompleted tasks of the programs of 1991. The battle for us to convince the former government, in accordance with the law for administrative agencies, to pass the programs in the area of urban development, communal work, and communications, and of the importance of their adoption by the Assembly of the city of Skopje, took six months. We have lost more than six months, not by our fault, but in conditions of inflation of over 1,000 percent. A large part of the planned work will not be realized. Some calculations of the volume of losses due to delayed passage of the programs have been made. The damage amounts to around 3 billion dinars, just on the basis of the settlement for the building land and without calculation of the possible reflection and negative consequences on all of the activities in this area and the city. Another large problem is the building of the "Prispa" Sanitary Facility, for which agreements with the building department were concluded in May of last year, when it cost somewhere

around 50 million dinars, while this year the city paid 10 times more. If the city assembly was working, and bearing in mind the two assembly decisions for building the facility, and the two government decisions for beginning the work, direct pressure would be exerted for the Ministry of Internal Affairs not to be passive for more than six months, and to provide the necessary assistance promptly for beginning the building work, the delay of which has caused the price agreed upon initially to be exceeded many times.

[PULS] In the constellation of the examples cited, who is responsible for what has happened in the city assembly?

[Konstantinov] The basic problem is that the Executive Council of the Assembly of the Republic of Macedonia was to adopt the law for local self-government of 1990 on time to submit it to the former assembly for adoption and did not do it. This means that if we are talking about some kind of blame, we have to start there. We have a legal void, for the first time we are working in market conditions without precisely specified responsibilities and without directions that are leading to a definite goal. Least of all does this mean that the Assembly of the city of Skopje is blameless.

[PULS] Have the interparty conflicts been copied in the functioning of the city's executive bodies? Certainly, hasn't the current stalemate position in the assembly hindered your work?

[Konstantinov] The questions posed suggest specific answers. I would like to elaborate on them a little more extensively. We are working freely and without particular pressures since the passage of programs in the urban communal area. There were many brave people who, even before this, considering the spirit of the times and believing in the correct orientation of the Executive Council, worked in accordance with the tasks that we gave them. I have said that these last six months is when the battle for properly securing all these programs has been waged. At times these programs could not be secured, which has caused even greater losses. We may be considered to be responsible for everything, but I believe that the damage that would have been caused would have been much greater because all life in the city would have disappeared. In particular, the very limited funds were managed very cautiously. We think that with respect to the programs for 1991, it was wise and justified to distinguish the larger projects that could be carried out and we have implemented these this year, in the period before the departmental ministries passed the programs that relate to the current year. In reviewing the activities, we introduced those projects that maintained continuity of the necessary city functions.

All differences that appeared as dissidence and as disunity in the Executive Council primarily are a result of that which we do not have the resources to handle according to that which we agreed upon in conditions when the responsibilities were taken away by the Republic, when we felt the blockade of the assembly. In

conditions where the assembly is not working, nothing will be carried out, there will be no decisions, no directions, but some people thought that we also didn't have to work. Unfortunately, there are also city officials whose perspective is below the level of the problems that they have to solve. The behavior of these people concerning intellectual equalitarianism continues to exist as a Balkan version of our own intellectual inferiority. Therefore, the majority in the Executive Council, in accordance with the required legitimacy that the assembly laws give to it, has decided within the framework of its responsibilities to "save" that which is necessary in this city.

The main problem began when someone else's authority began to be invaded. Without going into the degree of blame because of the fact that Talevski cannot convene the assembly, as an ambitious and clever man, step-by-step he has begun to enter into the work of the executive body. Perhaps it is wrong that for a long time we had nothing against that. However, when an attempt was made to exert influence outside of the sphere of action of the assembly session, this action of his began to be manifested as a curb on the work of the Executive Council. This is the main problem. There was disagreement with this voluntaristic approach of the president of the assembly, which other members of the Presidency and unfortunately certain members of the Executive Council itself, subsequently adopted as a method of operation, and things began to get complicated. Another matter is that certain officials, especially when we were limited by the financial plan concluded on 30 September 1992, did not have boldness, conscience, and now I think not enough knowledge, which is necessary to work freely, to make use of all things permitted by law in order to carry out the minimum city functions. The absence at least of medium-range developmental visions of the city pushed out individual members of the Executive Council from the team that gave the ideas for the creation of the city policy, if it may be called that when the assembly is not working. In the absence of the necessary consciousness and ideas, they likewise did not contribute to the most important battle—withholding the authority of the city to exercise the necessary functions in the fundamental and other laws. Believing in the correctness of the ideas that lead and direct us at this moment, actions are taken that now we can easily consider to be proper, because at least in elementary form we are maintaining all of the vital city functions.

[PULS] However, does this mean that you as specific party members act in the city's executive body free from the close party framework, and, from the point of view of the diversity of the political composition of the opstina assemblies, are you cooperating with their agencies and bodies?

[Konstantinov] We have good collaboration with the opstina executive agencies in Skopje, where they are organized. We had the most fruitful collaboration last year with the Executive Council of the Assembly of the

Gazi Baba opstina; with Cair we have standard collaboration; and this year we are cooperating more intensively with the Executive Council of the Kisela Voda opstina. If someone accuses us of party activity, this can refer only to the segment of our work that is identified with a broader regulation in the party program of the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity]—in order to do everything within the framework of the current material capabilities for a better life of our fellow citizens who live in the country. In this area much has been done to finish the formulation of the existing urban planning documents and to develop new ones, for inhabited areas as well as participation in rehabilitation—that is, completing the water main network through the water supply program. Nevertheless, I do not believe that it is possible for any kind of daily or party policy to intervene in the work of the Executive Council, which for the most part is spent in urban planning and communal work.

[PULS] You have ambitious projects; however, it's hard for you to carry them out. And not only that, but you are more known to the public as a person on whom different accusations, scandals, and labels are "stuck," but gradually you are becoming known according to the results of your commitment. Concerning that, for the sake of the truth, your coworkers of different political convictions have reported to us. Do you know why this is?

[Konstantinov] We do not have a lack of ideas, but they have to be approved through the assembly procedure. Thus, for example, we want to create a public company for construction and building in Skopje, in order to carry out work more efficiently. In our opinion, this will enable the city to get greater results first of all in the implementation of the programs. If the assembly were working we would have succeeded in a timely reorganization of the communal enterprises. With respect to my presence in the media, first of all, I have to thank the party "assemblymen" from the city assembly. Nevertheless, concerning our work (and my work), the public has heard various accusations for a long time, repeated numerous times, but actually it was all in order just to assert their civic rights. This was utilized by all those who had any kind of interest in destroying the Executive Council. In addition, in general we did not take account of the work and the results of it, but the entire public was burdened with untrue and clumsy constructions. There were, and continue to be, attacks on my personality, birth, and family, all for the purpose of discrediting me before the public. For a long time I did not pay any attention to these matters. However, when the members of the Presidency explicitly announced that they are not satisfied with our work and my work and that we, as an Executive Council, represent a "skillful obstruction," as Talevski called us, our opposition, which more or less resembles confrontation, was inevitable. In my opinion, in the situation in which responsibilities are clearly determined, when the Assembly of Skopje is a silent and

passive witness to the city's problems without the possibility of influencing events, there is no place for confrontations. Simply speaking, everyone has to do his job.

[PULS] Is it in this context that we have to understand all of the disclosures up to now of the type that "the chairman of the Executive Council is misusing his office and is crushing the city representation, or is misusing the official vehicle"?

[Konstantinov] The assembly permitted the Executive Council to make use of a certain amount of funds intended for representation, the bulk of which, to tell the truth, remained almost unused last year and this year.

[PULS] At this moment, what specifically is the focus of your interest?

[Konstantinov] We have begun to sketch out what we need to fix the Stone Bridge, as is required according to the plans for its preservation and restoration as a fruit of the long-term work of the City Institute for the Preservation of Landmarks. The funds exist. A contract for carrying out the work may be signed with a building contractor in only 10 days. While we are on the subject of the Stone Bridge, let me remind you that there are plans to make the so-called lying floodgates of the Vardar so that, according to the hydrological indicators of the water level of the river, the citizens will not have to look at its empty bed, as they have had to this year. Namely it is a matter of many simple but fairly expensive interventions.

[PULS] Where is the project for building a luxury hotel here?

[Konstantinov] You are thinking about the Sheraton, aren't you? From the first moment we in the Executive Council were not behind the plan because in all communications with the planner we did not receive at any time a design or assurance that the financial plan was assured. On the other hand, the previous government of the Republic believed that it was provided. The position of the Executive Council was the following: This type of project is not welcome in this place. At the same time it is unacceptable for PTT [Post, Telegraph, and Telephone] through the Executive Council and the city committee for urban affairs at the same time to be declared as a coinvestor and to seek the section of Ortse Nikolov Street to be expanded and made so that the police, fire department, and first-aid vehicles can travel through it freely in order to ensure the safety of the Communications Center. We told Oto Taskovic that arranging for the building site for "his" hotel will cost \$10 million, or 30 percent of the building cost, which the city not only does not have, but also when it does have it, it cannot grant in the form of city bonds. Likewise we think that the location envisioned for building the "Makedonija" Mansion is not well-chosen. The Executive Council thinks that it cannot be located there safely.

[PULS] Just these two projects provide a reason for us to ask you how the city authorities will deal with the potential foreign investors that you are asking for?

[Konstantinov] It will be handled in the spirit of market relations and in the spirit of everything that the census means. With respect to the executive authority in this mandate, it will always protect that which the basic urban planning decision means, which is worked out once for 20 years. No one dares to play with it. A violation of the basic urban development plan is the basis for multiplied errors on all levels: water supply, sewage, communications....

[PULS] However, because of the situation or events, more interesting than your statements about the work of the Executive Council of Skopje is the blockade of the city legislative authority. Especially since the implementation of your ideas and plans is directly connected with its function. Does the assembly have a chance to get out of the crisis?

[Konstantinov] I am an optimist. The members of the council will have to assemble. Soon we will reveal all the damage that has been done in this city because of the lack of functioning of the assembly. Let us understand each other: I am not blaming the members of the council. Everyone has a right to act within the framework of his own personal and political conviction. I am not blaming them for their reactions and remarks, but the civil consciousness has to be at a higher level. With respect to the Executive Council and me personally, we will tell all city council members, irrespective of their political affiliation, to come to an assembly meeting, to negotiate with the force of argument, and to tackle the problems. The sooner this happens the better it will be for all citizens of Skopje. Actually the council members have to be aware that they do not have only political responsibility.

**Chief of Macedonian General Staff Interviewed**  
*93BA0209A Skopje NOVA MAKEDONIJA*  
*in Macedonian 6 Nov 92 p 4*

[Interview with Lieutenant Colonel General Mitre Arsovski, Macedonian Army chief of General Staff, by Zoran Petrov; place and date not given: "We Are Not Threatened With Immediate Danger of War"]

[Text] *The study of the domestic conditions of our neighbors, on an individual basis, leads to the conclusion that in the specific prevailing situation not a single one of them has the possibility or the necessary prerequisites for mounting an armed aggression against Macedonia. The Europeans are well-aware of the fact that any eventual aggression against the Republic would lead to a new Balkan war with "good" possibilities of spreading throughout all of Europe.*

General Mitre Arsovski, who has been chief of General Staff of the Army of the Republic of Macedonia for more than eight months, is currently one of the people called upon to answer questions about Macedonian defense

and security, related to any possible sources of threat to the country. This is especially true today, before the Republic has acquired a broader internationally recognized status as a country because of the well-known Greek opposition, for which reason there is increasing talk about an inevitable development of a military scenario involving our country.

[Petrov] What is your assessment of the Republic's security situation, bearing in mind that it is surrounded, and do you believe that, political relations with our neighbors being what they are, Macedonia faces the threat of aggression?

[Arsovski] Inasmuch as it is possible to assess the forces and relations around us, at the present time there are no indications that the Republic of Macedonia faces a direct threat of war. Most briefly, the individual study of the internal situation of our neighbors leads to the conclusion that in this specific situation not a single one of them has the possibility or the necessary prerequisites for mounting an armed aggression against Macedonia. For example, at the present time Albania is in no position to do so, due to its own radical internal transformation, which has led to an obvious breakdown of its armed forces and, in general, due to its former situation. Greece, despite its political and economic aggressiveness displayed toward us, nonetheless remains a member of NATO, which would certainly not allow any aggression against Macedonia. Despite its historical hypothesis concerning Macedonia, as a whole, for the time being Bulgaria is not displaying any kind of radical intentions, and as far as the FRY [Union Republic of Yugoslavia] or, specifically, Serbia is concerned, I believe that at the present time that country has too many problems of its own to decide to take such a step. In terms of foreign relations, we see here an open conflict between the Union and the Serbian leadership and party-controlled forces, and so on.

[Petrov] Does this mean that there is no outside threat to peace in the Republic?

[Arsovski] It would be an illusion to think that we are entirely secure. The possibility remains for Macedonia to become involved in an eventual armed struggle because of Kosovo and its links to western Macedonia. Recently, one of the PDP [Party for Democratic Prosperity] leaders publicly stated that Albanians in Macedonia will not remain indifferent should an eventual war break out in Kosovo. That is precisely why it is possible that despite its best intentions the Republic of Macedonia may become involved in an armed conflict.

A number of people believe that, for the above reasons, the greatest danger to Macedonia comes from the north, from the FRY. Actually, it is a known fact that there is no single army in the world that does not identify its opponent or its target. Simply remember that for many long years the prevalent view was that the greatest threat came from Bulgaria. What is happening now? That is precisely why, when we speak of any potential aggressor,

we must also note specific times and specific relations. This is the basis for my assertion that at the present time Macedonia is not directly threatened with war, although Kosovo, as a potential hotbed with very possible implications involving us, should always be kept in mind.

[Petrov] A related issue is that of political developments in the FRY and the open clash between the Union and the Serbian leaderships, and whether this could have any impact on Macedonian security and, if so, how?

[Arsovski] Serbia must first start by cleaning up its own situation, for it still has a powerful army and also a number of paramilitary organizations or party-controlled forces. Furthermore, one does not know who supports whom in that country. Milosevic controls the television and the police but, as a whole, does not enjoy the support of the Army, which is exceptionally important. On the other hand, another very important circumstance is the fact that Panic has kept his job, something which, at least judging by statements made so far, requires peace and democracy.

At the present time the outcome depends on the results of the forthcoming FRY elections, before we can see which policy will prevail: Milosevic's radical or Panic's moderate policy. This will also determine future relations between Macedonia and the FRY or, in the final account, peace and security for our country, for any military conflagration in Kosovo and the involvement of the Republic in such a conflict remains a potential threat. Nonetheless, taking into consideration the number of problems, both international and domestic, I believe that at the present time Serbia would not take such a step toward Macedonia.

[Petrov] The Republic of Macedonia is still waiting for a greater international acceptance of its statehood. Could such an undefined nature of our status be a reason for aggression?

[Arsovski] The fact that the European Community has still not recognized us does not mean that it is ignoring us as a state. On the contrary, the latest initiative of opening a Macedonian consulate in Germany and similar actions in France and, particularly, the permanent presence of representatives of the European Community clearly indicate that we have been accepted as a state. This means that that same international community is not indifferent to what would happen to Macedonia, for the Europeans know their history and know very well that any eventual aggression committed against the Republic would mean also a new Balkan war with a "good" chance of spreading throughout all of Europe.

[Petrov] In this connection, what is the condition of the Macedonian Army and is it prepared, in terms of personnel and ordnance, to meet the challenge of war?

[Arsovski] From the viewpoint of the resources available to the Republic and its economic and material capability, despite the exceptionally short time it took to organize its armed forces, they grew and were trained.

Major progress was made in preparations for the defense of Macedonia. Above all, the peacetime size of the ARM [Army of the Republic of Macedonia] is growing. With the arrival of the October contingent of recruits, it has already come close to the size stipulated in the plan for the development of the armed forces. Let us note that the training of two troop ratings has been completed, which means that a substantial portion of the peacetime structure of our armed forces has been trained to carry out its assignments in peace and war. As to the war aspect, solid results have already been achieved in mobilization efforts. Specifically, all units have been reinforced with reserve personnel, and the necessary plans have been formulated and preparations made and the drafting of reserves is under way. This means that we are preparing for the training and organizing of that segment of the armed forces as well.

As to weapons and ordnance, we must point out that our peacetime forces, in addition to infantry armaments, have rockets for antiarmor and antiaircraft defense. The reserve personnel are equipped with artillery for support of the ground forces and for antiaircraft defense, so that statements to the effect that we are a "shoeless" army are inaccurate.

[Petrov] Is it true that Albanians are boycotting the Army of the Republic of Macedonia?

[Arsovski] It is true that we have a relatively small number of ethnic Albanian soldiers. However, I believe that this does not mean that they are boycotting their military service. On that subject, we could say that more than 7,000 individuals subject to the draft live outside Macedonia, most of them holding temporary jobs abroad. The largest number of them are Albanians and, with the adoption of the Law on Citizenship, and in accordance with the Law on Defense, they must settle their military status. On the other hand, the reason for their small number in the ARM is due more to administrative problems in opstinas in which they are in the majority. However, the number of Albanian recruits increased considerably with the latest contingent of draftees, which, personally, pleases me. The truth is that the Army of the Republic of Macedonia is an army of all of its citizens and that its sole purpose is to protect and defend the sovereignty, territorial integrity, and security of Macedonia. We have no other objectives or intentions.

#### Economic Statistics for Macedonia

93BA0183A Skopje NOVA MAKEDONIJA  
in Macedonian 29 Oct 92 pp 1, 5

[Article by S. Kiridzieska: "Output Continues To Drop"]

[Text] News conference held at National Statistics Bureau; prices rise 21 percent in October, cost of living 27.2 percent above September 1992 level.

Surveys of the economic changes taking place in the economic life of the country this year, in the form of

statistical data, were released to newsmen at yesterday's news conference held at the National Statistics Bureau. In her introductory presentation of these statistical data, bureau director Svetlana Antonovska noted that Macedonian industrial output declined 13.8 percent from January to September 1992 in comparison to the same period last year. A drop was recorded in 27 industrial sectors, accounting for 76.9 percent of the gross industrial output. Such a decline in output was recorded in the manufacture of transportation equipment, the metalworking industry, ferrous metallurgy, the processing of chemical products, and machine-building.

Examination of retail trade fluctuations indicate that retail trade turnover in eight months of 1992 is expected to amount to 169.767 billion dinars, 685.4 percent higher than last year, while wholesale trade is expected to register a turnover of 213.175 billion dinars, or 726.4 percent more than 1991.

Retail prices rose 601.2 percent over the January-September 1992 period in comparison to 1991. The October retail price rise was 21 percent above the September level, while living costs rose 27.2 percent over the same period.

The average net wage paid in the Macedonian public sector over the January-September period was 39,554 dinars, 749 percent higher than the average wage paid over the same period last year. Wages in business operations over the eight-month period reached an average of 38,280 dinars, or 762.2 percent more than last year. The somewhat higher income earned in nonbusiness operations as net average wages was 45,434 dinars, or 694 percent more than in 1991. These data show that the average net wages per employee in business and nonbusiness operations have evolved to the same level, which according to the statistical data does not correspond to the skill structure of employees. The largest share of the total number of wage earners is that of skilled workers, with 29 percent, while that of persons with intermediate education is 27.5 percent, and that of persons with higher education 6.5 percent. Of the total number of wage earners in nonbusiness operations, 32.2 percent have an intermediate education, 27.2 percent have a higher education, and 4.4 percent are skilled workers.

Director Antonovska presented figures reflecting the degree of coverage of items in the consumer product basket by average net wages in Macedonia over the April-August period. The difference ranged from 30.6 to 121 percent, depending on prices and wages, in June, when prices reached their highest level.

In August the number of persons seeking employment in the nation was 172,637, or 3.9 percent higher than in 1991, while there were 446,166 wage earners, or 6.4 percent fewer than last year.

The reporters were informed that as of 30 September there were 30,163 businesses registered in Macedonia, 96.9 percent of them privately owned.

#### **Macedonian Finance Minister Hajredini Interviewed**

*93BA0185A Skopje VECER in Macedonian  
28 Oct 92 p 9*

[Report by V.M.B.-V.E.: "All Are Asking for Money!"]

**[Text] Rebalancing the budget has increased the pressure on the state treasury, which everyone is asking for money;**

**Greater emphasis on the process of privatization than on the formulation of various anti-inflationary programs;**

**Taxation and customs duty laws have been drafted but are waiting their turn to be submitted to the Assembly.**

Paraphrasing a statement by Dzevdet Hajredini, the new minister of finance, made in the course of our conversation, could explain the current situation of the Ministry of Finance: "All are asking for money!" Actually, the minister's office is daily visited by a steady stream of managers from a great many sectors, all of whom have only one thing in mind: to dip as deeply as possible into the state treasury.

This is entirely understandable when we bear in mind that the rebalancing of the budget is almost completed and that in such a situation everyone would like to be in a better position as far as the "division of the money" is concerned.

#### **Privatization Comes First**

It is precisely money that is the basic reason for the Ministry of Finance to be very flexible, for it is extremely clear that it is now, more than at any other time, that the economic managers need money; on the other hand, an increase in the monetary mass could very easily defeat the anti-inflationary program. For that reason, Minister Hajredini believes that under the present circumstances greater emphasis should be put on the privatization process instead of drafting classical anti-inflation programs.

"I think that the people are fed up with bombastic proclamations of anti-inflationary and stabilization programs, which have always had an effect opposite to the one expected. We have seen that, since 1965, such programs have been formulated without any substantial results. No single minister or ministry can order prices. Prices are set at the marketplace. This applies even to the prices of strategic goods (electric power, for instance...) so that no one could accuse the government of having approved a program without clearly defined priorities assigned to strategic goods," Hajredini says. "Hence, the way I see it, it is necessary to hasten privatization, for this is the process that will stimulate all other economic activities."

What is new in the anti-inflationary program is that the rate of exchange of the denar is no longer tied exclusively to the German mark but to an entire basket of foreign currencies. In turn, this is making computations very difficult. According to Minister Hajredini, this new option was adopted because the tying of the denar to other currencies provides much greater stimulation for exporters. This is because the devaluation against the mark devalued the other currencies in terms of the denar. This led to the absurd situation of making the denar stronger than the dollar, which raised the price of our goods exported on the world markets wherever the German mark was not the strongest currency. Henceforth the computations will take into consideration the compounded participation of seven currencies (dollar, mark, shilling, pound, lira, and Swiss and French francs) in our foreign trade balance.

Otherwise, this anti-inflationary program means restrictions in the monetary and fiscal areas, which can only worsen the uncertainty concerning foreign exchange savings and the fact that once again there will not be sufficient funds to repay the foreign debt. That is why this problem is assigned priority by the government. However, we should know that it cannot be resolved simply and overnight. Hence, according to the minister, the alternative was to sell public housing and thus repay holders of smaller savings accounts in foreign currency and then seek ways of servicing the debt owed to the bigger savers. Furthermore, the funds for repaying savings in foreign exchange will also come from the budget (estimated at about 15 billion denars). Minister Hajredini says that he is unfamiliar with the option of setting money aside from the primary emission.

#### **A Parliament With a Weak Handling Capacity**

The apprehension of holders of hard currency savings accounts would have been much reduced if funds could reach the state treasury on a much more regular basis or as anticipated. The reasons for which there are shortages in the state budget are believed to be poorly pursued and conceived taxation and customs fees policies. The laws that could regulate these two areas, according to Minister Hajredini, have already been drafted, but the problem of submitting them is due to the low handling capacity of the parliament.

"We have had no major problems in drafting the tax laws, for the team that drafted them included all emission experts in that area. It is wrong to say that our people are parsimonious and economical by nature, or that if you give them one denar they will turn it into three. In terms of taxation policy, the problem is presented differently: All taxes are based on realized earnings, and the extent of earnings of our enterprises is very clear. Therefore, we can easily pass a law on collecting taxes from corporations, but finding corporations showing a profit will be much harder," Hajredini said.

According to him, what is now permanent hindrance to the state in that area is the unregulated payment of taxes

by the private sector, which is expanding with every passing day. The absence of legal regulations contributes to the great lack of fiscal discipline in that area. Hence the entire hope is focused on organizing a fiscal police or inspectorate that would assume all functions currently performed by the SOK [Public Bookkeeping Service] and the various ministries. According to Hajredini, the Law on Financial Inspection has already been drafted and will soon be submitted to the government and the Assembly. The minister expects that this will force people in private business and other physical and juridical persons to abandon their habit of avoiding the payment of taxes or concealing income. This will expand the state's room to maneuver, which is directly related to the status of the state treasury.

**Macedonian Business Leader on Private Capital**  
*93BA0108A Skopje PULS in Macedonian 8 Oct 92 p 13*

[Interview with Velija Ramkovski, owner of UNIPROKOM, by Nikola Stojanoski; place and date not given: "Capital Without Protection"]

[Text] *A most successful private businessman, the owner and director of "UNIPROKOM," a man who was among the first who shattered the illusion that the private sector obligatorily is held to the concept of "small business," and who is also a member of the Executive Council of the Chamber of Private Capital of Macedonia, speaks about the need for reestablishing the "rules of the game" as a first step toward getting out of the crisis.*

[Stojanoski] It seems that, in spite of its capabilities, our legitimate government is still not functioning. Especially not in relation to the protection of the capital of the legitimate, that is, economic, entities in paid sales. The fact is that, without respecting the principles of the legitimate government, even in this area it is not possible to speak seriously about a true change in the economic system. Where is private capital in this context?

[Ramkovski] Nowhere, and it is not possible to speak about more serious intervention in the economy without the existence of legal regulations—that is, without setting up the rules of the game, but these rules presuppose laws, systemic solutions, and all those interventions that a government should undertake in this sense. In the West, relations between debtors and creditors, among other things, are solved by several means of deposited payment for goods and services. There are checks, promissory notes, mortgages, and the like, as a guarantee and protection of the creditor. That is, if someone issues a check without coverage he will be legally responsible (his property will be confiscated or he will be jailed), then he will have to explain why he was not covered. This protects the capital, that is the property, of the creditor. In our country, on the other hand, the state has done nothing for his protection. In fact, there are promissory notes and checks and mortgages, but they are only formal remedies because in practice they do not function.

It is here that I would place the greatest problem in our economic life, and that is lack of concern for capital! We, the private businessmen, for example, do not want to take such risks—the possibility of losing everything that we have created—but the larger investments are blocked. Today, for example, almost all transactions are carried out in cash. Simply there is no other instrument for paying that is functioning. I would now like to ask: What kind of economy is it that has such accumulation in order to be able to use cash exclusively? The state, of course, wants things to be done through a clearing account, but provides almost no guarantee for such an operation. This means that the acceptance order does not function and there is no security for payment with it.

[Stojanoski] In this context it may be possible to say something about the (non)functioning of the banking system in our country?

[Ramkovski] The fact is that our banks do not demonstrate the required operating conditions. There are many examples of my assertion. For example, the bank gives credit to the debtor and then grants credit to the same debtor so that he can return the interest. This means if the banking business does not safeguard its own funds, then there is no good banking business, no development. I think that the basic reason for these weaknesses lies in the public nature of the ownership of capital. I will repeat: There is no concern for capital.

[Stojanoski] However, the public looks at private capital as something that, as a rule, is illegal, as a way of hiding from taxes, as dangerous to the state, as nonperformance of other duties....

[Ramkovski] The entire society asserts that the future is in the private sector, and on the other hand the same society accuses the private sector of avoiding sales tax, for example. I do not agree with this and assert that the majority of private businessmen work honestly and do not avoid the tax. However, when some—and I would say atypical—examples of tax avoidance are found, then this is generalized to the entire private sector. A kind of fervor has been created against it and I have to say that, to a great degree, the media are contributing by heating up this fervor.

Nevertheless, it is not clear to me why they accuse us, the private businessmen, of avoiding the tax, since if this were so, then why does the state not create a system such as exists in countries with a market economy, in which it is not possible to escape the tax? If we take account of the fact that the state through the public bookkeeping service exercises a number of controls on the financial operation of private businesses and in almost all cases for the most part approves smaller irregularities—and this practice has been continuing for many years—why then does the shadow of concealing taxes remain in that direction? The government can easily solve this with the appropriate legal regulations. If it does not do this, then the result is that its goal is providing alibis for persecution, at the

same time without having a corresponding material effect; i.e., at the same time without providing mechanisms for paying the tax.

[Stojanoski] How then will these problems be overcome?

[Ramkovski] Private businessmen are not seeking some kind of perfect system for paying the tax, but some system that can be carried out. It seems to me that the most feasible method of paying the sales tax is when the goods are moved from the factory. By comparison, when goods are taken from customs, then the sales tax is paid together with the tariff, and the state has mechanisms for implementing the tax. The same thing should apply when goods are shipped from the factory, in the case of which the corresponding instruments for paying the tax will be provided. In any case, private capital is not the one who would like to hide from the state, but it wants the state to protect it, i.e. capital. The state has to be an administrative service that will ensure that the laws that it passes are carried out.

[Stojanoski] What is the participation of private capital insofar as total capital is concerned, and, in accordance with this, what is its influence?

[Ramkovski] Perhaps private businessmen do not have much influence in the amount of total capital, but, on the other hand, they have influence in the functions that they perform and in the directions in which they are moving. We are already a significant partner with respect to the number of employees. In number we are fantastic, and since the service activities are ours, trade is in our hands almost entirely. Likewise the initial phases of manufacturing.

The question is, in the meanwhile, how profitable is public capital? Let's understand each other. Private businessmen do not wish to wring it out, but the capabilities of the entire system are that the public capital will be privatized. In accordance with this we all see the future to be in private capital. And therefore I think that it is erroneous to compare the sizes of public and private capital.

[Stojanoski] Then what is the capability of the Chamber for Private Capital?

[Ramkovski] Private capital seeks its place under the sun. Take oil for example. It is likewise an article of trade like any other. And it has its price: purchase and sale price, but even now the authorities are beginning to discuss its purchase with the private sector. Let's remember, private capital does not allow, for example, a shortage to appear for any food article. This means up to now we have performed an extremely important function.

[Stojanoski] Does this mean that the government up to now has talked with the private sector only through the inspection agencies?

[Ramkovski] That is correct. However, not only the government did this. At the present time it is not worth losing objectivity because it is necessary especially

during this time when we are seeking a way out of the general crisis. The chamber is not a political party, but it seeks dialogue with the government precisely for solving these matters—matters of extremely practical and direct interest for the Republic of Macedonia.

#### **Electrical Energy Crisis in Macedonia Examined**

*93BA0262A Skopje VECER in Macedonian  
17 Nov 92 p 3*

[Article by S. Padori: "On the Verge of Darkness"]

[Text] *Without the use of the Negotino TEC [Thermoelectric Power Plant], the output of which was irregular during the year, the power system this month will have a shortfall of 118 million kilowatt-hours [kWh], and next month the shortfall will be as much as 147 million kWh.*

*The plant's generating capacity could meet consumption needs of about 17 million kWh daily; all indications are that without fuel oil the shortfall will have to be compensated by reduced consumption.*

*A debate on the reduction by the commission in charge of the Ministry of the Economy is expected today.*

We shall know as early as tomorrow whether the winter darkness and restrictions we experienced some 10 years ago will be repeated in the months to come, for in the course of today this issue will be considered by the newly formed commission on restricting electric power consumption. Bearing in mind that this will be its first meeting and that the situation of the electric power system is, generally speaking, not optimistic, it would come as no surprise for a decision to be made on imposing restrictions....

#### **A Minus 10 Degree Record May Be Surpassed**

It looks as though the warning that was issued by electric power officials about a month ago will be on the agenda now because, as usual, people wait until the situation worsens before seeking a remedy. This is confirmed by the consumption for the past week, which will probably set a historical record. Never before has consumption been so high during this time of year and been met by the Macedonian power system. More specifically, consumption totaled 16.7 million kWh, which is 2 million kWh above average. For information purposes, let us point out the computations of Dimitar Stojanovski, the Republic's chief dispatcher, who noted that the temperature was in the range of 10 degrees Celsius. "What will happen when it drops to minus 10 degrees, and how can we meet a consumption of 23 million kWh? That is the biggest question."

As early as September, the electric power utility noted the problems that would arise and reported them to the Ministry of the Economy and to the government. Both then and now the only solution was to activate the Negotino TEC, something that would require 50,000

metric tons of fuel oil. Another possibility is to buy electric power from neighboring systems. However, this is not simply a question of money. It also involves the issue of whether the others will be able to supply us with electric power when we need it.

#### Above-Average Output Is Not Profitable

According to Zdravko Bogdanovski, assistant general director for Macedonian electric power generating, "Without the generating capacity of the Negotino TEC this month, the electric power system will fall 118 million kWh short. Above-average production by the Bitola power plants will reduce the shortfall to 63 million. However, I must point out that such consumption is calculated in terms of the overall balance and without the additional consumption that will result from the shortage of fuel oil and the conversion of all facilities that produce central heating to electricity. In December the shortfall will reach 147 million kWh, compared to 102 million as a result of the above-average work of the three Bitola generators. At the same time, the hydraulic power plants will supply whatever they can despite the fact that the water level is minimal and one does not dare to ask them to generate more power."

Since things are as they are—there is no fuel oil even for the priority projects—it would be difficult to quickly procure the necessary 50,000 tons for the Negotino TEC. Therefore, there are all indications that the decision will be to limit consumption. Consumption would have to be reduced by 40 percent for the big users and 15 percent in the overall allocation of electric power. The commission will have to decide. Meanwhile, the electric power managers are appealing for conscientious use of electricity. Minimum use must be made of electric heaters. Peak-hour consumption must be taken into consideration (absolutely turning off appliances that draw a great deal of power during those hours), and electric lighting must be used economically. As was pointed out by Ljupco Gajdardziski, deputy general director of the Macedonian electric power facility, consumers must not consider this reduction as a threat but must jointly and most conscientiously use each consumed kWh, which is the only way to avoid the general unpleasantness caused by insufficient electric power.

#### Macedonian Islamic, Orthodox Leaders Meet 93BA0178A Skopje VECER in Macedonian 27 Oct 92 pp 8-9

[Article by Branko Geroski: "They Are Not Drawing From a Divine Source"]

[Text] *Archbishop Vadar Mihail and Efendi Berisa agree that a dialogue would help them solve the problems currently upsetting believers of either faith. Problem issues must be resolved with moderation and reciprocal understanding and sympathy.*

The meeting and discussion between Archbishop Vadar Mihail and Zenun Efendi Berisa, secretary of the Islamic

Religious Community, which took place last Friday in the editorial premises of VECER, was the first contact between official representatives of the Macedonian Orthodox Church and the IVZ [Islamic Religious Community] after they broke relations. We describe these two men as official representatives, for both Archbishop Mihail and Efendi Berisa confirmed that they were acting, respectively, as representatives of the Holy Synod of Bishops of the MPC [Macedonian Orthodox Church] and the IVZ Mesihat.

Let us note from the start that both MPC Archbishop Gavril and Hadzi Sulejman Redzepi, president of the IVZ in Macedonia, gave their agreement in advance for such a meeting, following a short two-minute telephone conversation, and that Archbishop Mihail and Secretary Berisa were pleased to hold this talk. All of this indicates that the dialogue between the leaderships of the two largest religious denominations in Macedonia is considered a current necessity. This influenced the result of this initial contact, which, as assessed by our interlocutors, was of great importance. Namely, Archbishop Mihail and Efendi Berisa agreed that in the future relations between the MPC Synod and the IVZ Mesihat should become much closer and more intensive, in the belief that dialogue will make it possible to resolve the current problems that presently concern the believers of both faiths. That is why by the end of the discussion the interlocutors issued joint recommendations to the heads of the two faiths calling for a faster resumption of contacts.

#### Talk Between 'Old Acquaintances'

The discussion itself took place in a spirit of intimacy and mutual understanding. Archbishop Mihail is a well-known Macedonian personality. He is 81 years old and is a noted professor and theologian. Under the one-party system he spent six years in the Idrizovo Prison (the "house of tears and evil," as Mihail would describe it), where he shared the good and the bad with his Muslim brothers. Efendi Berisa is 42. He is a theologian and practically the second most important person in the Macedonian IVZ. During the meeting the two exchanged a number of compliments, which were not for the sake of courtesy alone. "We are talking as old acquaintances who understand things as yet not even mentioned," said Archbishop Mihail. Efendi Berisa replied: "Because our source is divine." The fact that these were not the usual courtesy statements is also confirmed by the desire that motivated these two high church personalities to engage in such a discussion (which, fortunately, coincided with our modest project). Thus, Archbishop Mihail said:

"We share the same language, and we have the same interests and act in the same spirit. We also believe that at the present time both faiths could become a very constructive factor in promoting peace. It is not in our interest for this piece of land in which we coexist to harbor conflict. If Macedonia does not exist as a state we shall not exist as the MPC, but nor will you (turning to Berisa) be what you are. Today you are promoting a

fruitful and intensive activity because you have the support of this country, and so do we. We must protect this, for we do not dare to cut off the branch on which we sit."

Directly and specifically, Efendi Berisa "diagnosed" the situation:

"The previous cooling off of relations was not of a religious nature, but rather it was the desire of someone else to create obstructions in order to fulfill some of his sinister objectives and interests. According to our information, what is currently happening merely marks the peak of some past agitation. I am confident that this does not directly originate from the MPC. Therefore, we believe that we must protect the purity of the faith of both the MPC and the IVZ and promptly to react in such cases."

#### The 'Virus' of Political Parties

According to both, it is precisely the infiltration achieved by the political parties, despite the fact that was emphasized in the discussion that both confessions do not allow their clergy to become party members, that is one of the factors that led to the cooling off of relations. "It is very important not to allow political parties to interfere in religious and political activities," Archbishop Mihail said. "We must always react on the basis of faith, religion, piety, and humaneness." Hence the remark by Efendi Berisa concerning the strange disagreement between the views of the Synod and the lower clergy, to which Archbishop Mihail picturesquely answered, "As religious communities, we should be foresighted and react promptly. We must not allow the 'supreme command' to be controlled by 'noncommissioned officers.'" In the context of the "omissions," which led to the development of tense relations, Mihail qualified the decision of the IVZ unilaterally to break relations as hasty, while Berisa said that the IVZ had almost lost hope while waiting for the reaction of the MPC to the issues that had appeared.

#### Open to Current Problems

Be that as it may, as Efendi Berisa emphasized in the course of the discussion, relations between the IVZ and the MPC must be considered from a broader viewpoint. Berisa said that relations between the two faiths, with the exception of the cooling off, had always been kept on an enviable level. He made mention of the fact that the IVZ had promptly and prominently voiced its support of the MPC demand for autocephalic status and that, in the building of the Sveti Kliment Okhridski Cathedral in Skopje, the IVZ had "made its modest material contribution with a pure soul and warm heart," and that its leader had also participated in its consecration. Berisa also recalled the close relations between the clergy associations of the two faiths.

The discussion also dealt with the problems that have arisen and the unpleasant events that have taken place lately. Efendi Berisa said that in the course of placing

crosses on the clock towers in Bitola and Prilep, the IVZ people had tried to warn the MPC of the eventual consequences and had expected a suitable reaction. Regrettably, this did not take place. In that context, Berisa mentioned other similar events that had not generated a proper reaction on the part of the MPC: putting crosses on two mosques in Tetovo and one in Stip; the mining of the mosque in Arnakija Village, near Skopje; razing of the mosque in Jabolce Village to the ground; taking Selimovski, the head of the Muslim community, to Kosovo; and so forth. Archbishop Mihail's answer was the following: "In my view, in the past we lost a number of opportunities to act jointly, to meet, and to talk. You must believe that such discussions will also lead to the type of reactions that both of us desire. I think that the public should be told that the MPC and the IVZ are unanimous in their support of religious rights and freedoms. I sympathize with what you said and I give you full credit where credit is due."

Archbishop Mihail raised the question of the opposition shown by some political forces to the building of a monastery in Popova Sapka, to which Efendi Berisa answered: "The people reacted to the fact that the IVZ did not oppose this action. We told them the following: We are absolutely not against the building of churches. I believe, however, that a religious site must be built where there are supporters of that specific faith. However, bearing in mind that we are dealing with a religious site, we did not speak out. It would have been shameful for us, in the IVZ, to say: You must not build a church."

As to the statement included in the communication issued by the IVZ which, among others, says that "... We shall not allow Macedonia to become a Christian state," Berisa explained that it is a question of a reaction to a certain statement by former Minister Lepavcov, who said that a cross must be placed in all elevated places, so that the people can see that this is a Christian country. "My God, this is God's country," Berisa said. Archbishop Mihail said that they were quite sensitive to this issue, adding that "the MPC was founded centuries ago. We trace our orthodoxy to St. Kliment and St. Naum and to the great educational activities, traditions, and the message of St. Kliment University. The fact that Macedonia is called Macedonia today, and the building of the cathedral in Skopje, to which you made a contribution, is, in our view, the results of our faith. It was in the spirit of such faith and accomplishments that our people survived even during the most difficult period of Ottoman slavery." Expressing his understanding of such feelings, Berisa said: "Our view will always be that everyone must be equal in the community where he lives and enjoy all religious and national rights. Only thus can we have a healthy society and a healthy state. It is up to all of us to save this Macedonia. We must now make our positive contribution."

#### Real and Not Irresponsible Comments

Naturally, in connection with the alleged call to war issued by the Mustafa-Pasa Mosque in Skopje, Efendi

Berisa energetically denied the allegations of the personnel of the Museum of Modern Arts, stressing that it was a question of signing an attributed statement made by a supporter of the VMRO [Internal Macedonian Revolutionary Organization]. The truth was that the mosque had called the faithful to prayer more loudly, which is quite common. A more extensive discussion took place on the symbols placed on the clock towers. Asked by Efendi Berisa what his personal view was, Archbishop Mihail answered that he sincerely believes that this is not the time to place symbols and that later, when relations within the country will improve, an agreement should be reached between the two faiths, taking into consideration the scientific proof of the history of the erection of such sites and their nature. Berisa, who expressed his own views according to which we are dealing here with secular objects of Islamic architecture, agreed that the final word, nonetheless, belongs to the scientists.

The dialogue at the meeting, which lasted more than one and a half hours, was sincere in dealing with many other issues. In any case, Archbishop Mihail said that whenever such situations arise, the two religious communities must show concern, openly raise the issues, and properly comment on them and not allow comments to be made by irresponsible entities. Efendi Berisa fully agreed with this, and in that sense asked for better coverage by the media in order to ensure the true and accurate interpretation of such problems, in the course of which one must always start with true representatives of both religious communities.

Judging by what was said in the course of that discussion and the conciliatory tone, taking into consideration the statements on the renewal of contacts on the highest level and, finally, the embrace that marked the end of the meeting, there is reason for optimism. Our impression is that the people who speak the language of faith understand one another much more easily than those who speak the language of politics.

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